FTC Briefing Presentation

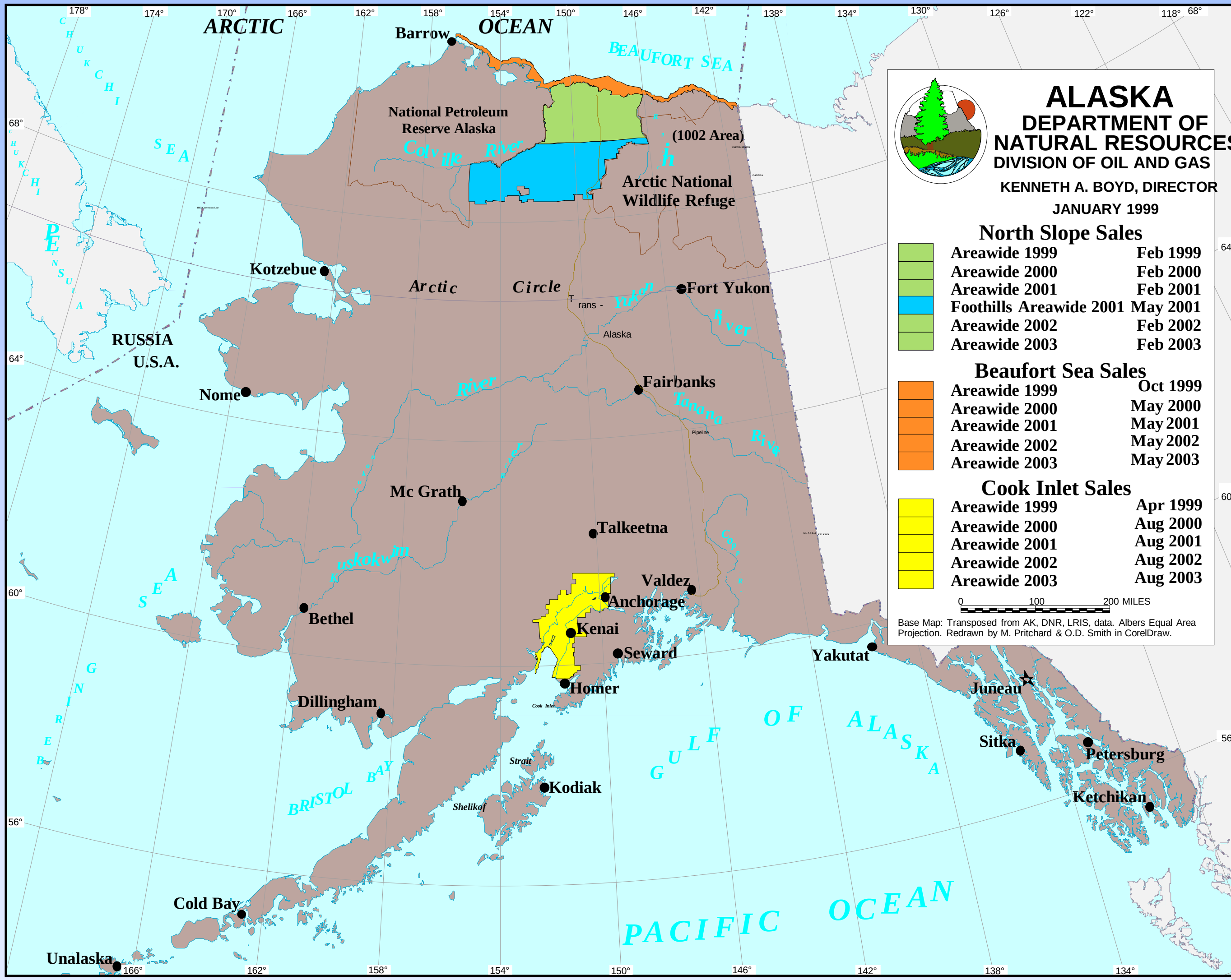
Acquisition of ARCO By BP-Amoco

Division of Oil and Gas
April 19, 1999

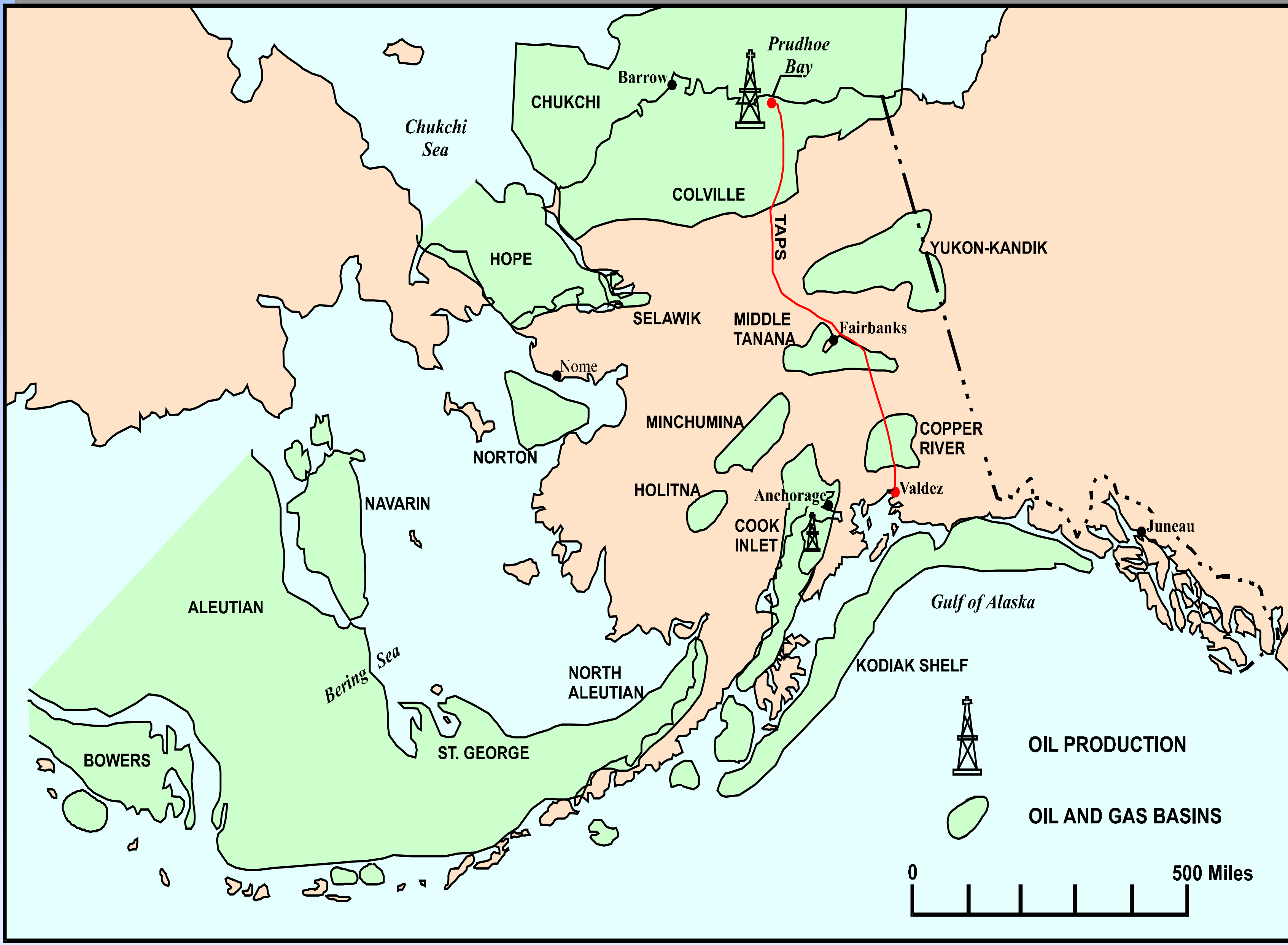
Alaska Department of
Natural
Resources

http://www.dnr.state.ak.us/oil/data/data.htm

Alaska Oil & Gas Leasing Program



Alaska Oil and Gas Basins



Interior Basins Study

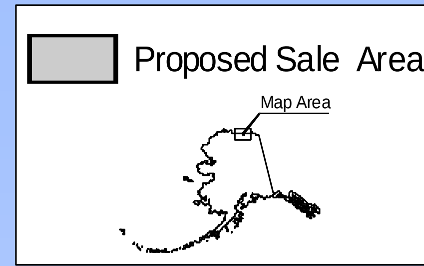
- Intended to promote exploration of Alaska's interior basins
  - Study area is a 25 quad area of south-central Alaska
  - Little or no exploration activity over vast areas
  - Little is known about the area's oil and gas potential
- Joint USGS/DO&G geology compilation now available
  - Digital data available as GIS files or graphics files on CD
  - Also available on paper in 1:500,000 scale
- Published set of magnetic and gravity maps over interior Alaska
  - The first time there has been a compilation of all publicly-available data for interior Alaska
  - The data is available in hardcopy and digital files

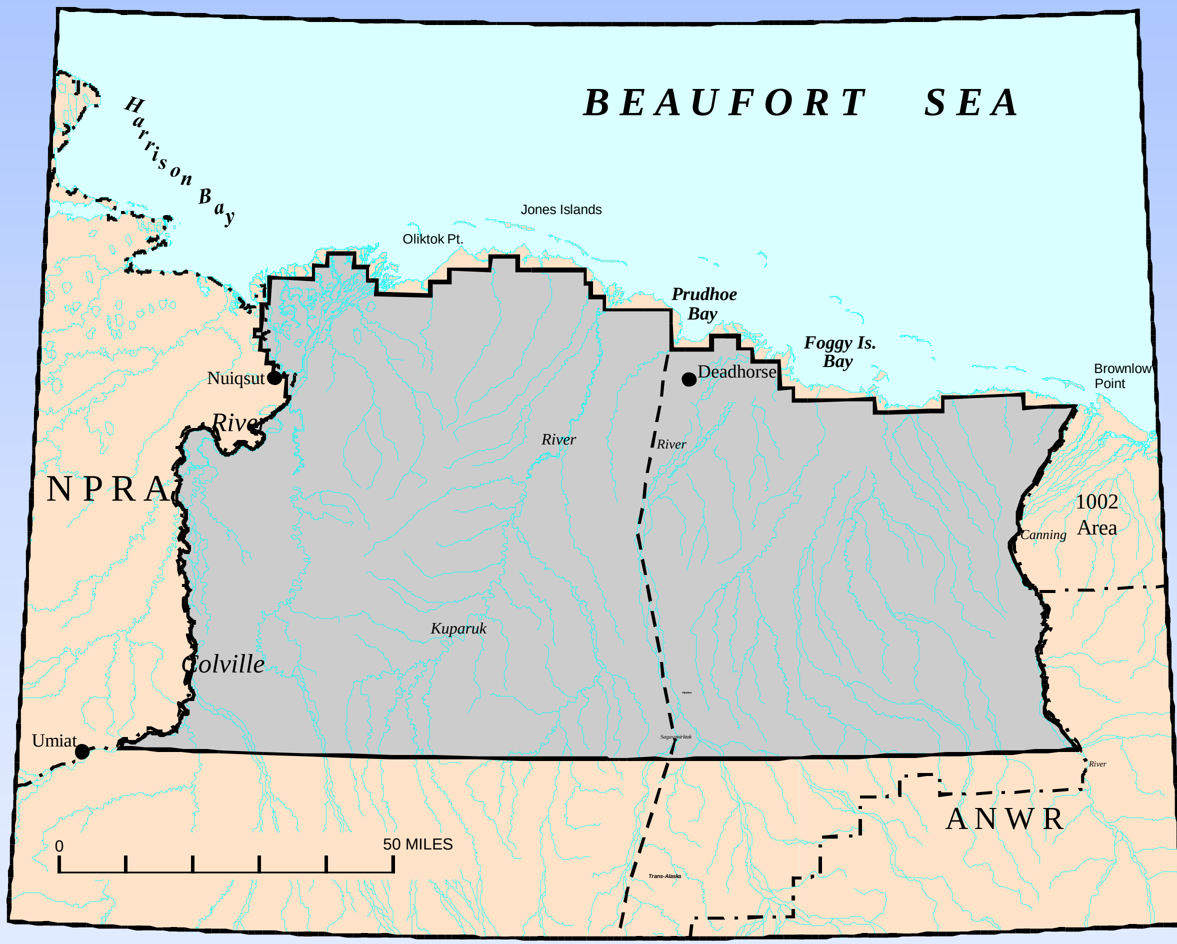
Areawide Lease Sales

- Beginning in 1999:
  - Lease sales in North Slope, Cook Inlet and Beaufort Sea
  - Best Interest Findings good for 10 years
  - Subsequent lease sales held annually in each area
  - Public input sought prior to each annual sale
- Allows companies to plan exploration activities years in advance
- Results in more efficient exploration and earlier development

Proposed Oil and Gas Lease Sales

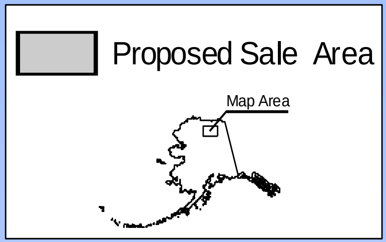
North Slope Areawide 1999, 2000, 2001, 2002, 2003

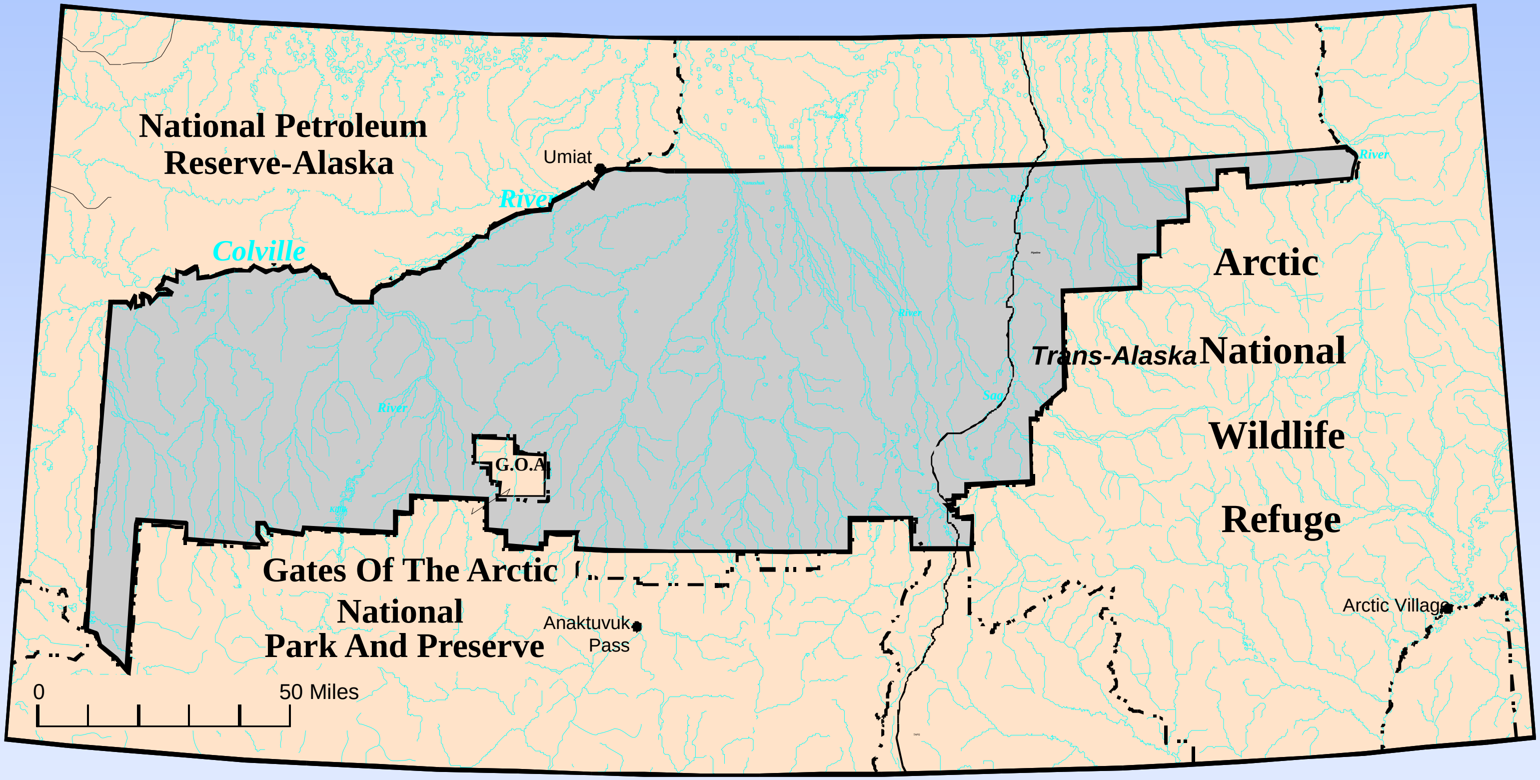




Proposed Oil and Gas Lease Sales

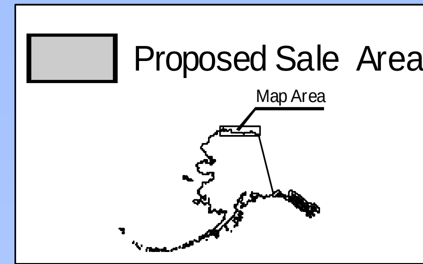
North Slope Foothills Areawide 2001

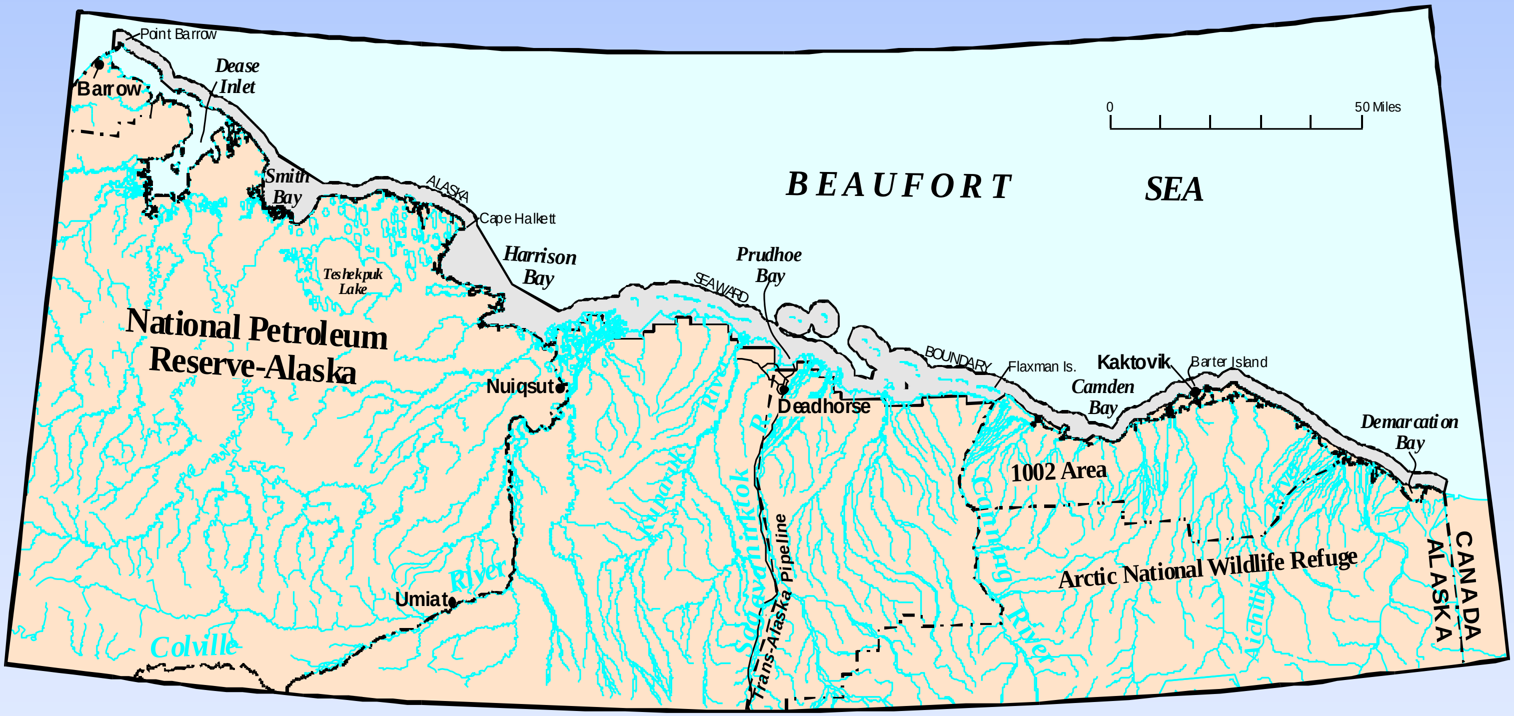




Proposed Oil and Gas Lease Sales

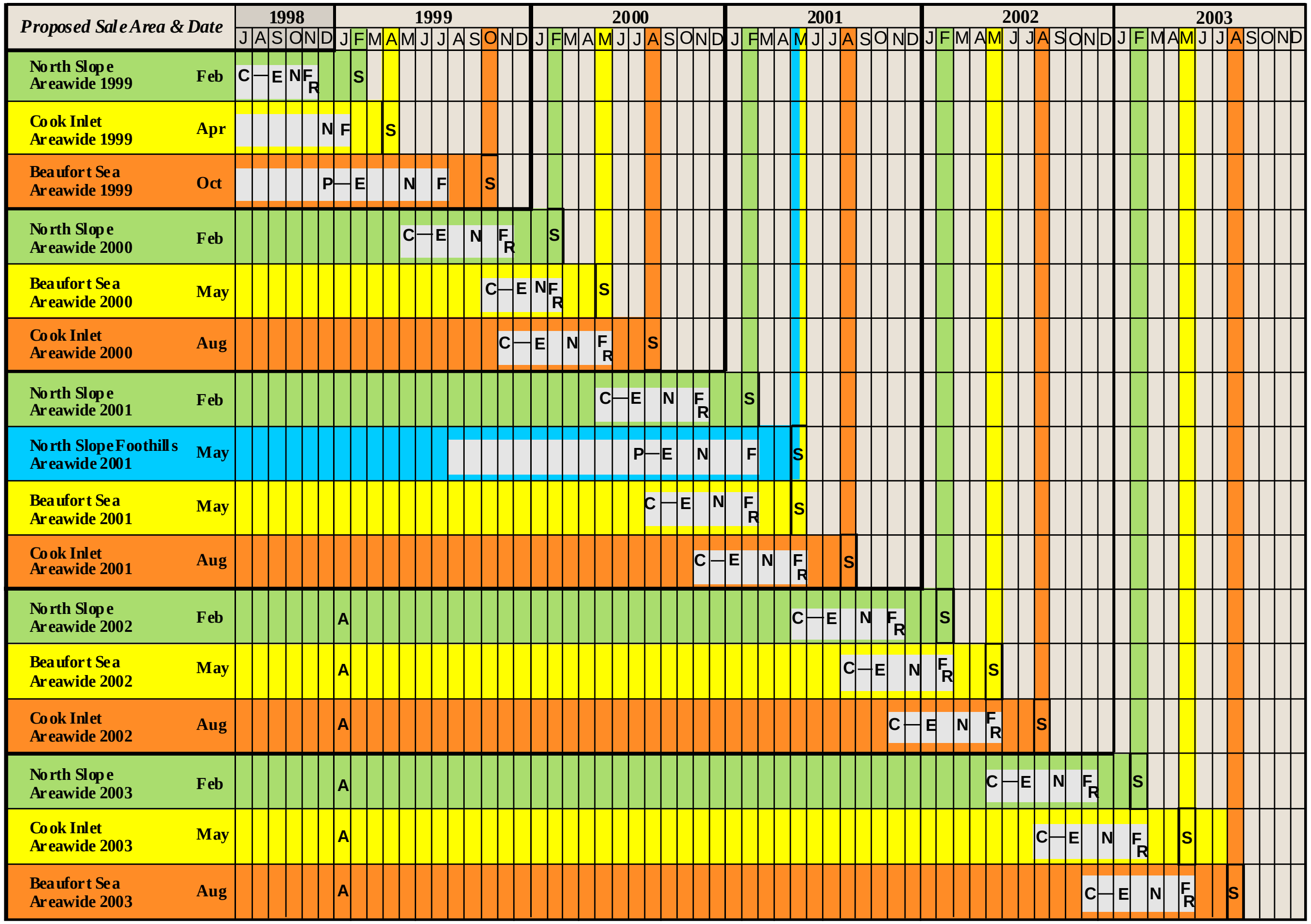
Beaufort Sea Areawide 1999, 2000, 2001, 2002, 2003





Five-Year Oil and Gas Leasing Program

Public Notification Schedule



01/99

A = Sale Added to Schedule.
C = Call for Comments:
Request for New Information Made Available Since Last Finding.
E = End of Comment Period.
P = Preliminary Best Interest Finding / ACMP Consistency Analysis.

N = Notice of Intent to Issue Final / Supplement to Finding.
F = Final Finding and Notice of Sale and Terms.
F_R = Supplement to Final Finding and/or Notice of Sale and Terms.
$\boxed{S}$ = Sale.

Best Interest Finding Process

Outer Continental Shelf Oil and Gas Leasing Program
1997-2002

Planning Area/Sale	Pre-Lease Steps in the OCS Oil and Gas Leasing Process							
	Call[1]	Area ID	DEIS	Hearings	CD/PNS/EA	FEIS	Sale Notice	Sale Date
Gulf of Mexico								
Western GOM/Sale 168	Mid-1995	Late-1995	Early-1996	Mid-1996	Early-1997	Late-1996	Mid-1997	Late-1997
Central GOM/Sale 169	Mid-1996	Late-1996	Mid-1997	Mid-1997	Late-1997	Late-1997	Early-1998	Early-1998
Western GOM/Sale 171	Early-1997	Mid-1997	Late-1997	Late-1997	Early-1998	Mid-1998	Mid-1998	Mid-1998
Central GOM/Sale 172	Mid-1996	Late-1996	Mid-1997	Mid-1997	Late-1998	Late-1997	Early-1999	Early-1999
Western GOM/Sale 174	Early-1997	Mid-1997	Late-1997	Late-1997	Early-1999	Mid-1998	Mid-1999	Mid-1999
Central GOM/Sale 175	Mid-1996	Late-1996	Mid-1997	Mid-1997	Late-1999	Late-1997	Early-2000	Early-2000
Western GOM/Sale 177	Early-1997	Mid-1997	Late-1997	Late-1997	Early-2000	Mid-1998	Mid-2000	Mid-2000
Central GOM/Sale 178	Mid-1996	Late-1996	Mid-1997	Mid-1997	Late-2000	Late-1997	Early-2001	Early-2001
Western GOM/Sale 180	Early-1997	Mid-1997	Late-1997	Late-1997	Early-2001	Mid-1998	Mid-2001	Mid-2001
Eastern GOM/Sale 181	Early-1999	Mid-1999	Mid-2000	Late-2000	Mid-2001	Mid-2001	Late-2001	Late-2001
Central GOM/Sale 182	Mid-1996	Late-1996	Mid-1997	Mid-1997	Late-2001	Late-1997	Early-2002	Early-2002
Alaska[2]								
Beaufort Sea/Sale 170	Late-1996	Early-1997	Mid-1997	Mid-1997	Late-1997	Late-1997	Early-1998	Mid-1998
Cook Inlet/Shelikof Strait/Sale 173[3]	Deferred	Deferred	Deferred	Deferred	Deferred	Deferred	Deferred	Deferred
Beaufort Sea/Sale 176	**Late-1999**	**Late-1999**	**Late-2000**	**Early-2001**	**Mid-2001**	**Mid-2001**	**Late-2001**	**Early-2002[4]**
Gulf of Alaska/Sale 179[3]	Deferred	Deferred	Deferred	Deferred	Deferred	Deferred	Deferred	Deferred
Chukchi Sea/Hope Basin/Sale 183[3]	Deferred	Deferred	Deferred	Deferred	Deferred	Deferred	Deferred	Deferred

Key to the Major Steps in the Outer Continental Shelf (OCS) Oil and Gas Leasing Process:

Indicates Step Completed

Call: Call for Information and Nominations
Area ID: Area Identification
DEIS: Draft Environmental Impact Statement
CD: Consistency Determination
PNS: Proposed Notice of Sale
FEIS: Final Environmental Impact Statement
EA: Environmental Assessment (GOM only)

[1]Under the Improved Pre-Lease Decision Process for Central and Western Gulf of Mexico Sales, starting with 1998 sales, a single multi-sale Call has been issued for Central Gulf of Mexico Sales 169, 172, 175, 178, and 182. An Area ID and an EIS will also be prepared for a single "typical" sale in the Central Gulf. Subsequently, after the first sale, there will be complete NEPA and CZMA coverage for each sale, an Environmental Assessment (or Supplemental EIS) and a CD.
A similar multi-sale process will be implemented for Western Gulf of Mexico Sales 171, 174, 177, and 180 starting with the Call tentatively scheduled for early 1997.

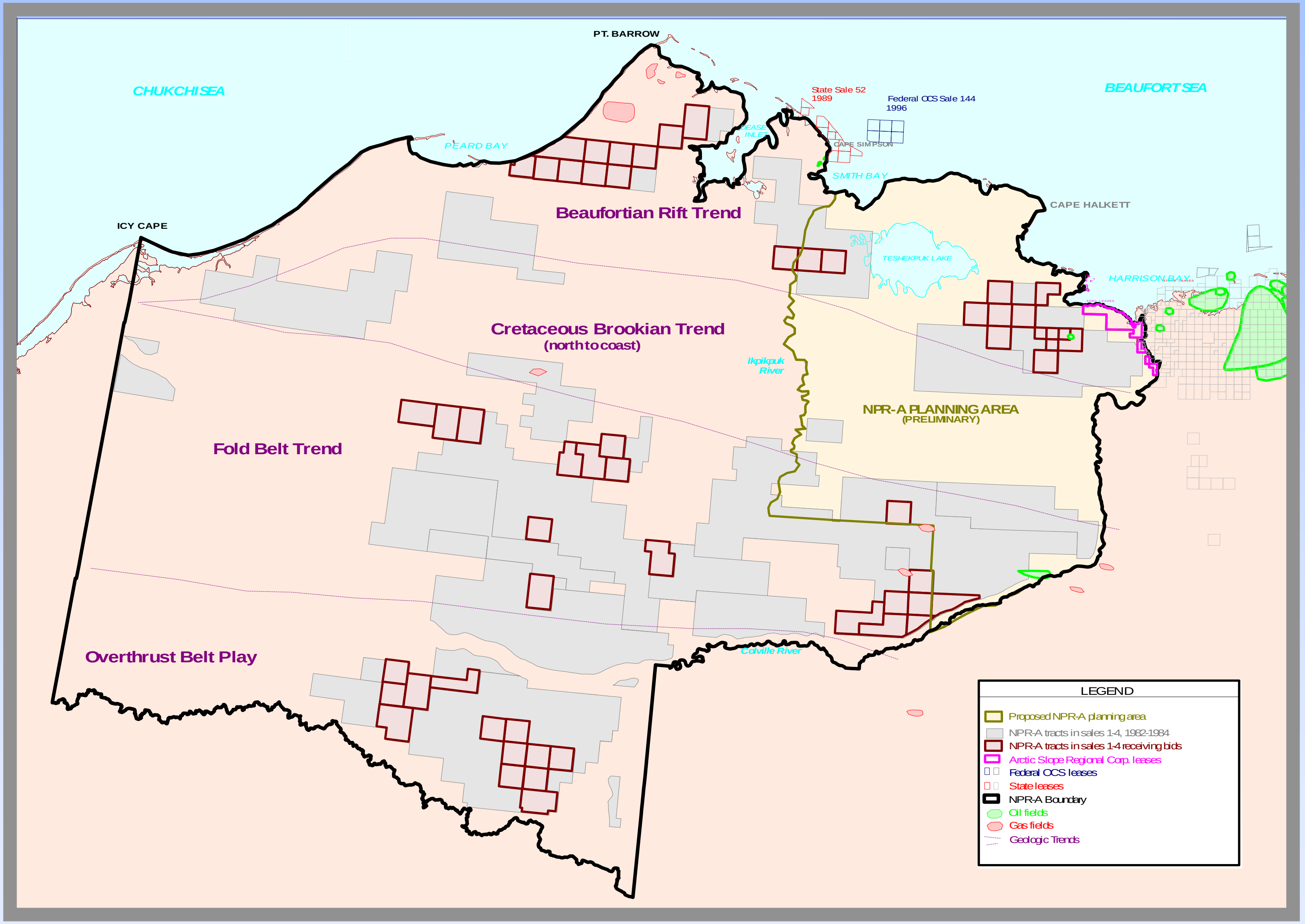
[2] In the Alaska OCS Region, a key feature of the new PRE-LEASE process is the establishment of an Alaska Offshore Advisory Committee. This committee will be used at key points in the PRE-LEASE process for each proposed Alaska OCS sale to seek consensus on recommendations to MMS

[3]Three sales off Alaska, Sales 173, 179, and 183 have been deferred from the current 5-year program. The deferral of these sales was found to not be a significant revision to the current 5-year program.

[4]Changed from Late-2002 (pers. comm. with Leasing Activities Officer, MMS, Alaska Region, 4/15/99)

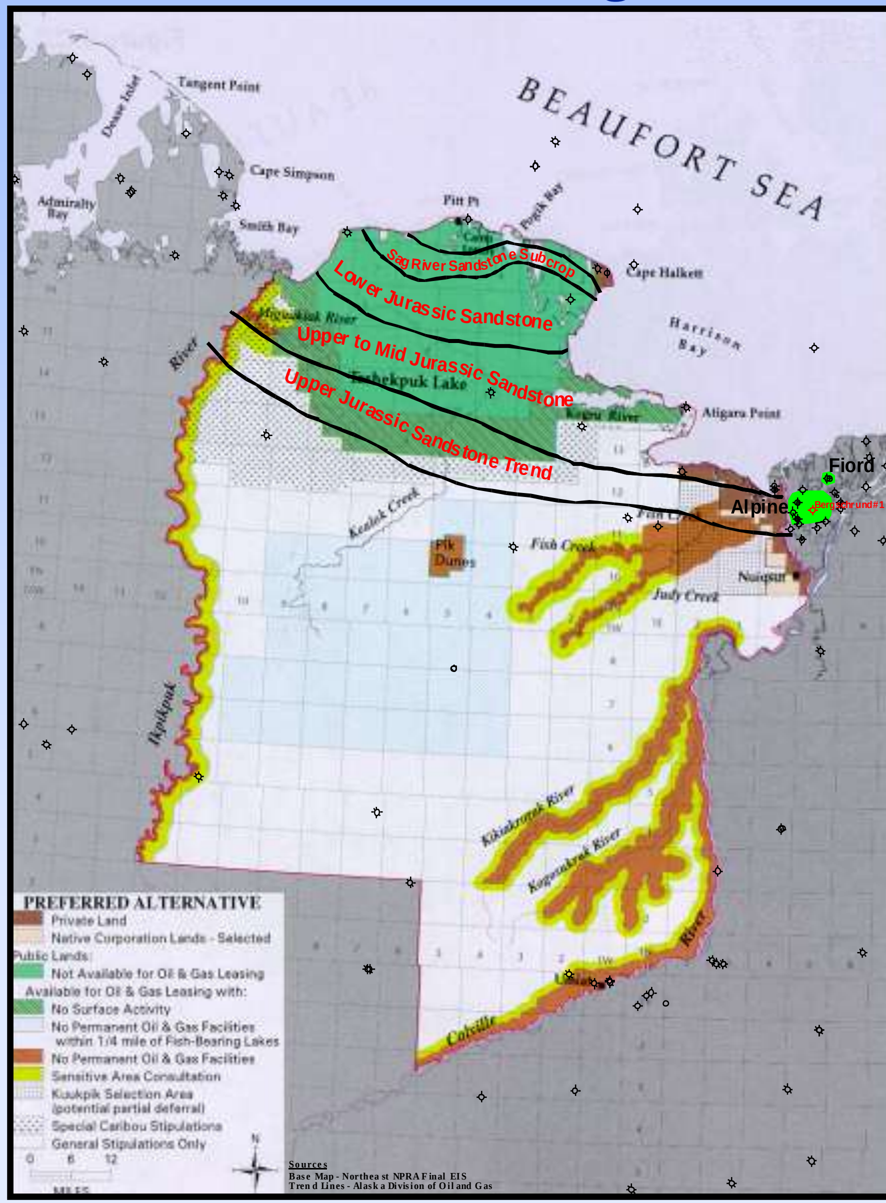
National Petroleum Reserve-Alaska (NPR-A)

Historical Leasing Activity



National Petroleum Reserve-Alaska (NPR-A)

Northeast Planning Area



State of Alaska Competitive Lease Sales Since 1959 (1 of 3)

Sale Number	Sale Date	Sale Area	Acres Offered	Acres Leased	Percent Leased	Average $/Acre	Tracts Offered	Tracts Leased	Number of Bidders		Bonus Received	Bid Variable	Lease Terms
									Companies	Individuals			
1	12/10/59	Cook Inlet	88,055	77,191	87.66%	$52.08	37	31			$4,020,342	Bonus; No Min	12.5% Royalty
2	7/13/60	Cook Inlet	17,568	16,506	93.96%	$24.70	27	26			$407,655	Bonus; No Min	12.5% Royalty
3	12/7/60	Mixed	73,048	22,867	31.30%	$1.54	26	9			$35,325	Bonus; No Min	12.5% Royalty
4	1/25/61	Cook Inlet	400	400	100.00%	$679.04	3	3			$271,614	Bonus; No Min	12.5% Royalty
5	5/23/61	Mixed	97,876	95,980	98.06%	$74.71	102	99			$7,170,465	Bonus; No Min	12.5% Royalty
6	8/4/61	Gulf Ak	13,257	13,257	100.00%	$8.35	6	6			$110,672	Bonus; No Min	12.5% Royalty
7	12/19/61	Mixed	255,708	187,118	73.18%	$79.43	68	53			$14,863,049	Bonus; No Min	12.5% Royalty
8	4/24/62	Cook Inlet	1,062	1,062	100.00%	$4.80	8	8			$5,097	Bonus; No Min	12.5% Royalty
9	7/11/62	Mixed	315,669	264,437	83.77%	$59.42	89	76			$15,714,113	Bonus; No Min	12.5% Royalty
10	5/8/63	Cook Inlet	167,583	141,491	84.43%	$29.23	200	158			$4,136,225	Bonus; No Min	12.5% Royalty
12	12/11/63	Cook Inlet	346,782	247,089	71.25%	$12.31	308	207			$3,042,681	Bonus; No Min	12.5% Royalty
13	12/9/64	Mixed	1,194,373	721,224	60.39%	$7.68	610	341			$5,537,100	Bonus; No Min	12.5% Royalty
14	7/14/65	North Slope	754,033	403,000	53.45%	$15.25	297	159			$6,145,473	Bonus; $1/acre Min	12.5% Royalty
15	9/28/65	Cook Inlet	403,042	301,751	74.87%	$15.49	293	216			$4,674,344	Bonus; $1/acre Min	12.5% Royalty
16	7/19/66	Mixed	184,410	133,987	72.66%	$52.55	205	153			$7,040,880	Bonus; $1/acre Min	12.5% Royalty
17	11/22/66	Cook Inlet	19,230	18,590	96.67%	$7.33	36	35			$136,280	Bonus; $1/acre Min	12.5% Royalty
18	1/24/67	Mixed	47,729	43,657	91.47%	$33.90	23	20			$1,479,906	Bonus; $1/acre Min	12.5% Royalty
19	3/28/67	Kachemak Bay	2,560	RULED INVALID 12/9/74									
20	7/25/67	Cook Inlet	311,250	256,447	82.39%	$73.14	295	220			$18,757,341	Bonus; $1/acre Min	12.5% Royalty
21	3/26/68	Ak Pen	346,623	164,961	47.59%	$18.24	308	147			$3,009,224	Bonus; $1/acre Min	12.5% Royalty
22	10/29/68	Cook Inlet	111,199	60,272	54.20%	$17.29	230	125			$1,042,220	Bonus; No Min	12.5% Royalty
23	9/10/69	North Slope	450,858	412,548	91.50%	$2,181.66	179	164			$900,041,605	Bonus; No Min	12.5% Royalty
24	5/12/71	Cook Inlet	196,635	92,618	47.10%	$4.92	244	106			$455,641	Bonus; No Min	12.5% Royalty
25	9/26/72	Cook Inlet	325,401	178,245	54.78%	$7.43	259	152			$1,324,673	Bonus; No Min	12.5% Royalty
26	12/11/72	Cook Inlet	399,921	177,973	44.50%	$8.75	218	105			$1,557,849	Bonus; No Min	12.5% Royalty
27	5/9/73	Cook Inlet	308,401	113,892	36.93%	$9.92	210	96			$1,130,325	Bonus; No Min	12.5% Royalty
28	12/13/73	Cook Inlet	166,648	97,804	58.69%	$253.77	98	62	13	10	$24,819,190	Bonus; No Min	16.67% Royalty
29	10/23/74	Cook Inlet	278,269	127,120	45.68%	$8.19	164	82	14	10	$1,040,910	Bonus; No Min	16.67% Royalty
29B	7/24/79	Copper Riv	34,678	34,678	100.00%	$4.56	20	20	1	14	$158,042	Bonus; No Min	20% Royalty
30	12/12/79	Beaufort Sea	341,140	296,308	86.86%	$1,914.87	71	62	28	20	$567,391,497	NPS	20% Royalty; $850 & $1750/acre

State of Alaska Competitive Lease Sales Since 1959 (2 of 3)

Sale Number	Sale Date	Sale Area	Acres Offered	Acres Leased	Percent Leased	Average $/Acre	Tracts Offered	Tracts Leased	Number of Bidders: Companies	Number of Bidders: Individuals	Bonus Received	Bid Variable	Lease Terms
31	9/16/80	North Slope	196,268	196,268	100.00%	$63.12	78	78	8	43	$12,387,470	Bonus; No Min	20% Royalty; 30% NPS
33	5/13/81	Cook Inlet	815,000	429,978	52.76%	$10.00	202	103	13	8	$4,299,782	Royalty; 20% Min	$10/acre Bonus
32	8/25/81	Cook Inlet	202,837	152,428	75.15%	$10.00	78	59	10	2	$1,524,282	Royalty; 20% Min	$10/acre Bonus
35	2/2/82	Cook Inlet	601,172	131,191	21.82%	$10.00	149	31	6	19	$1,311,907	Royalty; 12.5% Min	$10/acre Bonus
36*	5/26/82	Beaufort Sea	56,862	56,862	100.00%	$573.02	13	13	12	16	$32,583,452	Bonus; No Min	12.5% Royalty & 40% NPS
37*	8/24/82	Copper Riv	852,603	168,849	19.80%	$3.33	217	33	2	6	$562,944	Bonus; No Min	12.5% Royalty & 30% NPS
37A	8/24/82	Cook Inlet	1,875	1,875	100.00%	$52.00	1	1	1	1	$97,479	Bonus; No Min	43% Royalty
34*	9/28/82	North Slope	1,231,517	571,954	46.44%	$46.70	261	119	8	28	$26,713,018	Bonus; No Min	16.67% Royalty & 40% NPS 12.5% Royalty & 30% NPS
39*	5/17/83	Beaufort Sea	211,988	211,988	100.00%	$99.05	42	42	13	29	$20,998,101	Bonus; $10/acre Min	12.5% Royalty & 30% or 40% NPS
40	9/28/83	Cook Inlet	1,044,745	443,355	42.44%	$7.17	284	140	12	10	$3,177,178	Bonus; $1/acre Min	12.5% Royalty
43	5/22/84	Beaufort Sea	298,074	281,784	94.53%	$114.32	69	66	10	7	$32,214,794	Bonus; $10/acre Min	16.67% Royalty
43A*	5/22/84	North Slope	76,079	76,079	100.00%	$125.44	15	15	10	7	$1,612,583	Bonus; $10/acre Min	12.5% Royalty & 30% NPS
41	9/18/84	Bristol Bay	1,437,930	278,939	19.40%	$3.03	308	63	3	4	$843,965	Bonus; No Min	12.5% Royalty
46A	2/26/85	Cook Inlet	248,585	190,042	76.45%	$13.28	65	50	6	5	$2,523,334	Bonus; $1/acre Min	12.5% & 16.67% Royalty
45A	9/24/85	North Slope	606,385	164,885	27.19%	$28.25	113	32	8	5	$4,657,478	Bonus; $5/acre Min	16.67% Royalty
47	9/24/85	North Slope	192,569	182,560	94.80%	$63.79	50	48	6	3	$11,645,003	Bonus; $5/acre Min	12.5% Royalty
48	2/25/86	North Slope	526,101	266,736	50.70%	$9.16	104	54	4	1	$2,444,342	Bonus; $5/acre Min	12.5% Royalty
48A	2/25/86	Beaufort Sea	42,053	42,053	100.00%	$12.13	11	11	3	1	$510,255	Bonus; $5/acre Min	12.5% Royalty
49	6/24/86	Cook Inlet	1,189,100	394,881	33.21%	$2.40	260	98	11	4	$947,171	Bonus; $1/acre Min	12.5% & 16.67% Royalty
51	1/27/87	North Slope	592,142	100,632	16.99%	$2.88	119	26	2	2	$289,625	Bonus; $2/acre Min	12.5% Royalty
50	6/30/87	Beaufort Sea	118,147	118,147	100.00%	$56.05	35	35	5	5	$6,621,723	Bonus; $5/acre Min	16.67% Royalty
54*	1/26/88	North Slope	421,809	338,687	80.29%	$13.83	89	72	8	3	$4,683,388	Bonus; $5/acre Min	12.5% Royalty
55	9/28/88	Beaufort Sea	201,707	96,632	47.91%	$152.13	56	25	9	1	$14,700,602	Bonus; $10/acre & $25/acre Min	12.5% Royalty & 16.67% Royalty
69A	9/28/88	North Slope	775,555	368,490	47.51%	$16.61	155	75	7	1	$6,119,135	Bonus; $5/acre Min	12.5% Royalty
52	1/24/89	Beaufort Sea	175,981	52,463	29.81%	$33.12	43	15	4	1	$1,737,513	Bonus; $10/acre Min	12.5% Royalty
72A	1/24/89	North Slope	677	677	100.00%	$671.90	1	1	2	0	$454,977	Bonus; $10/acre Min	12.5% Royalty

*Economic Incentive Credits were offered for these sales.

State of Alaska Competitive Lease Sales Since 1959 (3 of 3)

Sale Number	Sale Date	Sale Area	Acres Offered	Acres Leased	Percent Leased	Average $/Acre	Tracts Offered	Tracts Leased	Number of Bidders		Bonus Received	Bid Variable	Lease Terms
									Companies	Individuals			
67A*	1/29/91	Cook Inlet	549,364	191,588	34.87%	$28.77	140	55	9	2	$5,511,338	Bonus; $5/acre Min	12.5% Royalty
70A*	1/29/91	North Slope	532,153	420,568	79.03%	$65.88	135	109	8	6	$27,707,541	Bonus; $5/acre Min	12.5% Royalty
64	6/4/91	North Slope	754,542	34,143	4.52%	$7.10	141	6	2	0	$242,389	Bonus; $5/acre Min	12.5% Royalty
65*	6/4/91	Beaufort Sea	491,091	172,865	35.20%	$40.46	108	36	8	3	$6,993,949	Bonus; $5/acre Min	16.67% Royalty
74A*	9/24/91	Cook Inlet	605,851	26,605	4.39%	$12.06	134	5	3	1	$320,853	Bonus; $5/acre Min	12.5% Royalty
61	1/22/92	North Slope	991,087	260,550	26.29%	$9.32	181	46	4	0	$2,429,551	Bonus; $5/acre Min	12.5% Royalty
68	6/2/92	Beaufort Sea	153,445	0	0.00%	$0.00	36	0			$0	Bonus; $10/acre Min	12.5% Royalty
75	12/8/92	North Slope	217,205	124,832	57.47%	$78.11	90	55	4	3	$9,750,111	Bonus; $10/acre Min	State Royalty: 12.5%
													ASRC Royalty: 16.67%
76	1/26/93	Cook Inlet	393,025	141,504	36.00%	$461.25	86	36	6	4	$65,269,167	Bonus; $5/acre Min	12.5% Royalty
67 A-W	1/26/93	Cook Inlet	282,577	129,810	45.94%	$18.75	69	33	6	2	$2,433,864	Bonus; $5/acre Min	12.5% Royalty
77	5/25/93	North Slope	1,260,146	45,727	3.63%	$25.47	228	8	2	0	$1,164,555	Bonus; $5/acre Min	12.5% Royalty
70 A-W	5/25/93	North Slope	37,655	28,055	74.51%	$48.41	11	8	4	0	$1,358,027	Bonus; $10/acre Min	12.5% Royalty
57	9/21/93	North Slope	1,033,248	0	0.00%	$0.00	196	0			$0	Bonus; $5/acre Min	12.5% Royalty
75A	9/21/93	North Slope	14,343	14,343	100.00%	$31.36	11	11	3	2	$449,847	Bonus; $10/acre Min	16.67% Royalty
78	10/30/94	Cook Inlet	396,760	136,307	34.36%	$12.14	90	34	5	2	$1,654,137	Bonus; $5/acre Min	12.5% Royalty
67A-W2	11/14/95	Cook Inlet	152,768	13,804	9.04%	$7.29	36	3	2	0	$100,638	Bonus; $5/acre Min	12.5% Royalty
74W	11/14/95	Cook Inlet	66,703	17,015	25.51%	$31.76	16	4	2	0	$540,406	Bonus; $5/acre Min	12.5% Royalty
76W	11/14/95	Cook Inlet	251,614	14,220	5.65%	$5.61	50	4	2	0	$79,722	Bonus; $5/acre Min	12.5% Royalty
78W	11/14/95	Cook Inlet	260,453	36,478	14.01%	$7.06	56	11	5	0	$257,583	Bonus; $5/acre Min	12.5% Royalty
80	12/5/95	North Slope	951,302	151,567	15.93%	$22.02	202	42	4	8	$3,337,485	Bonus; $10/acre Min	12.5% Royalty
86A	10/1/96	North Slope	15,484	5,901	38.11%	$343.40	13	5	3	0	$2,026,247	Bonus; $100/acre Min	State/ASRC royalty: 16.67%
											(see NOTE below)		ASRC/State royalty: 33.33% - 16.67%
85A	12/18/96	Cook Inlet	1,061,555	173,503	16.33%	$17.92	234	44	9	3	$3,109,603	Bonus; $5/acre Min	12.5% Royalty
86	11/18/97	Beaufort Sea	365,054	323,835	88.70%	$86.42	181	162	10	9	$27,985,125	Bonus, $10/acre Min	16.67% Royalty
85A-W	2/24/98	Cook Inlet	757,878	98,011	12.90%	$8.46	157	24	3	6	$828,807	Bonus; $5/acre Min	12.5% Royalty
87	6/24/98	North Slope	Areawide	518,689	N/A	$99.86	N/A	137	6	7	$51,794,173	Bonus, $5/acre Min	12.5% Royalty
TOTAL: 81 Sales				13,100,825		$153.16		5,124			$2,006,526,355		

*Economic Incentive Credits were offered for these sales.

NOTE: State received $259,435; ASRC received $1,766,812.

North Slope Lease Sale Activity

January 1989 - February 1999*

	Exposed	High Bids	Percent of High
ARCO-UTA-Atlantic Richfield	71,516,912	61,148,262	38.4%
British Petroleum	37,383,582	32,134,334	20.2%
All Others	85,873,324	66,129,744	41.5%
Total	194,773,817	159,412,339	100.0%

* Nineteen oil and gas lease sales

North Slope Lease Sale Participants

January 1989 - February 1999*

Ak. Corp	**Chevron**	**James W White**	**Shell Western**
Alfred James	**Clyde Boyer**	**Killion**	**Standard**
Amerada Hess	**Conoco**	**L'Marie Beaux**	**Stroecker**
Anadarko	**Danco**	**Milton Lebos**	**Texaco**
ARCO	**Exxon**	**Mobil**	**Union Texas Alaska (UTA)**
Atlantic Richfield	**Forsgren**	**Murphy**	**Unocal**
Bachner	**Frontier**	**Petrofina**	**Vondra**
Bill Stevens	**Gavora**	**Phillips**	**Wagner**
BP	**Gilbertson**	**Ranger**	**Winther**
Burglin	**James A White**	**Sexton**	

* Nineteen oil and gas lease sales

Top 10 Alaska Leaseholders

Ranked By Current State of Alaska Acreage Held

Rank	Company Name	1999 Acres	1998 Acres	'98 Rank
1	ARCO[1]	1,135,389	908,400	(2)
2	BP	912,088	970,102	(1)
3	Chevron	260,165	146,389	(4)
4	UNOCAL	234,967	208,212	(3)
5	Anadarko	204,497	71,260	(10)
6	Forcenergy	179,113	133,325	(5)
7	Exxon[2]	178,846	132,079	(6)
8	Phillips	105,496	119,130	(7)
9	Petrofina	66,181	55,278	(11)
10	Marathon	63,141	75,038	(9)

1 1999 figures include merger with Union Texas Petroleum.
2 1999 figures include merger with Mobil.

Chargeable Acreage Statutes

AS 38.05.140(c)

A person may not take or hold at one time phosphate leases on state land exceeding in the aggregate 10,240 acres. A person may not take or hold sodium leases or permits during the life of sodium leases on state land exceeding in the aggregate acreage 5,120 acres, except that the commissioner may, where it is necessary in order to secure the economic mining of sodium compounds, permit a person to take or hold sodium leases or permits for up to 15,360 acres. A person may not take or hold at any one time oil or gas leases exceeding in the aggregate 500,000 acres granted on tide and submerged land and 500,000 acres on all land other than tide and submerged land, including leases held both as lessee and under option or operating agreement from others. Where more than a single person holds an interest in an oil or gas lease, each person shall be charged only with that percentage of the total acreage which corresponds to its percentage share of the total beneficial interest in the lease.

AS 38.05.180(q)

A plan authorized by (p) of this section, which includes land owned by the state, may contain a provision vesting the commissioner, or a person, committee, or state agency, with authority to modify from time to time the rate of prospecting and development and the quantity and rate of production under the plan. All leases operated under a plan approved or prescribed by the commissioner are excepted in determining holdings or control under AS 38.05.140. The provisions of this section concerning cooperative or unit plans are in addition to and do not affect AS 31.05.

Statewide Chargeable Acreage by Owner

As of April 16, 1999

		Oil and Gas Acreage	
Owner	**Total**	**Onshore**	**Offshore**
ARCO-UTA-Atlantic Richfield	616,113	471,134	144,980
BP Exploration	569,592	374,862	194,730
Chevron USA	231,328	189,722	41,606
Anadarko	179,414	142,501	36,913
Forcenergy	137,670	78,598	59,071
Union Oil of California	79,290	63,107	16,184
Marathon Oil	43,766	35,974	7,792
Forsgren, Keith	26,247	26,247	0
Petrofina Delaware	56,830	16,121	40,709
Frontier Petroleum	11,331	11,331	0
All Others	169,714	95,024	74,690
TOTAL	**2,121,296**	**1,504,621**	**616,675**
BPX/ARCO Combined	**1,185,705**	**845,996**	**339,710**
Percent of total	**55.9%**	**56.2%**	**55.1%**

North Slope Lease Acreage by Owner

As of April 5, 1999

Owner	Total Acreage Under Lease	Total Onshore Acreage	Total Offshore Acreage	Total Unitized Acreage [1]
ARCO	971,376	740,012	231,364	408,529
BP - Amoco	913,475	612,639	300,836	343,883
Chevron	270,657	224,372	46,285	39,329
Exxon - Mobil	169,772	110,047	59,725	154,632
Anadarko	152,671	138,126	14,544	22,615
Petrofina	68,051	21,970	46,081	11,221
Phillips	45,128	23,442	21,686	30,362
Murphy	27,162	3,401	23,762	56
Keith Forsgren	26,247	26,247	0	0
All Others	179,058	90,218	88,839	128,380
TOTAL	**2,823,596**	**1,990,474**	**833,121**	**1,139,008**

[1] These figures may include a small amount of leased acreage held by wells certified capable of production.

Northern Alaska Leased and Unleased Acreage by Sale Area

SALE AREA	TOTAL ACRES	LEASED ACRES	UNLEASED ACRES
State			
North Slope Areawide	5,100,000 [1]	1,744,534 [2]	3,355,466 [3]
North Slope Foothills Areawide	7,000,000 [1]	0 [2]	7,000,000 [3]
Beaufort Sea Areawide	2,000,000 [1]	886,438 [2]	1,113,562 [3]
State Total	14,100,000	2,630,972	11,469,028
Federal			
NPRA	23,000,000 [4]	0	23,000,000 [3]
NPRA Eastern Planning Area	4,600,000 [5]	0	4,600,000 [3]
ANWR 1002 Area	1,500,000 [6]	0	1,500,000 [3]
Beaufort Sea	62,345,884 [7,8]	359,319 [8]	61,986,565 [3]
Chukchi Sea	41,468,479 [7,8]	0	41,468,479 [3]
Hope Basin	12,816,019 [7,8]	0	12,816,019 [3]
Federal Total	145,730,382	359,319	145,371,063 [3]
COMBINED TOTAL	**159,830,382**	**2,990,291**	**156,840,091**

1 Acreage figure accurate to + or - 10% (Source is the Sale Final Finding)
2 Acreage rounded (Source is LAS Report NOGR421P - SALE AREA COMPOSITE INFORMATION)
3 Acreage generated by subtracting leased acres from total acres
4 Figure includes Eastern Planning Area
5 Acreage fom NE NPR-A Final EIS dated Aug, 1998
6 Acreage from USGS 1998 ANWR, 1002 Area, Petroleum Assesment
7 Includes some disputed acreage
8 Acreage from MMS Leasing Group database

Note: All total acreages may include land which is patented, interim conveyed, or selected under ANCSA.

What Are The Common Lease/Unit Administrative Actions?

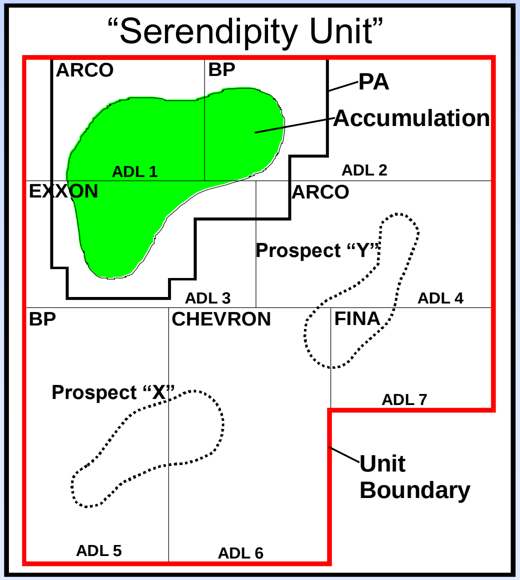
Unit — Units are groups of leases; units are established to efficiently explore and develop the leases covering one or more potential hydrocarbon accumulations

Participating Area (PA) — That portion of leases in a unit which cover a known or estimated accumulation and to which production is allocated via a unit agreement

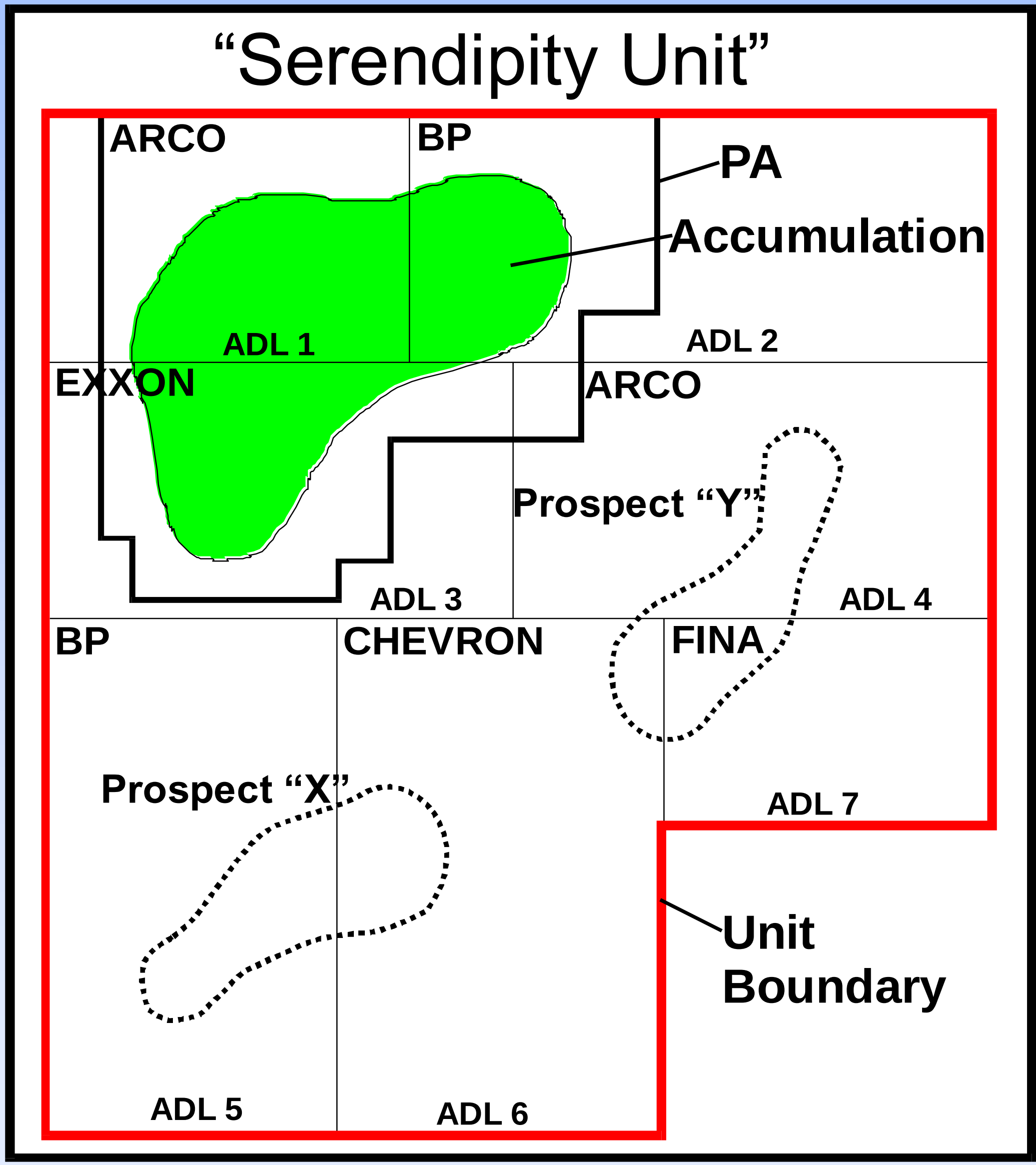
- Initial Formation
- Technical Evaluations - Reservoir Extent, Paying Quantities
- Negotiations - Unit Agreement
- Work Commitments
- Expansions
- Contractions
- Annual Plan of Exploration or Development

Participating Area

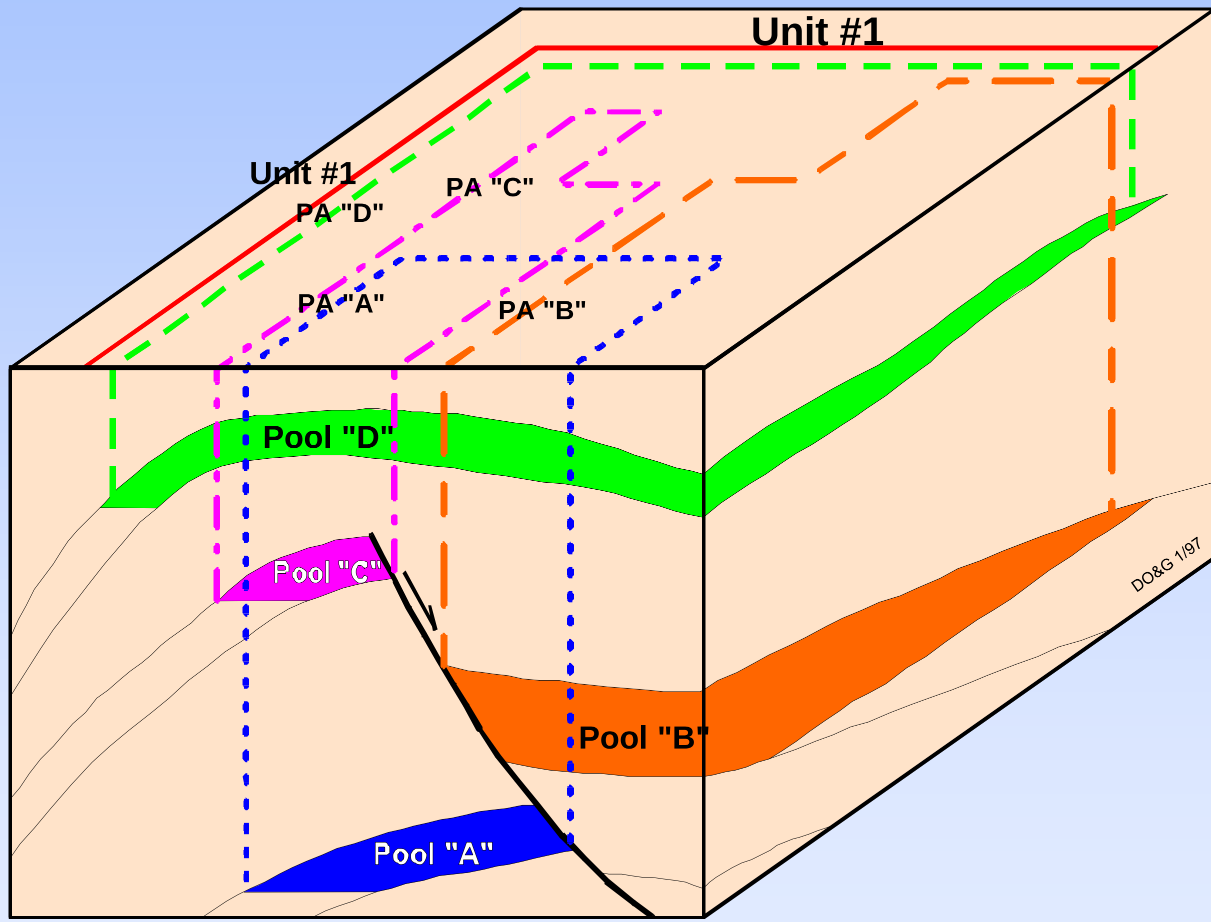
- Initial Formation
- Technical Evaluations - Commerciality
- Tract Allocation Factors
- Field Costs/Processing Costs
- Gas and Gas Liquids
- Fluid Commingling
- Facility Sharing
- Well Test Allocation
- Expansions
- Contractions
- Annual Plan of Development



Conceptual Unit



Hypothetical Unit with 4 Pools & Four Participating Areas (PAs)



Reported Royalty Value

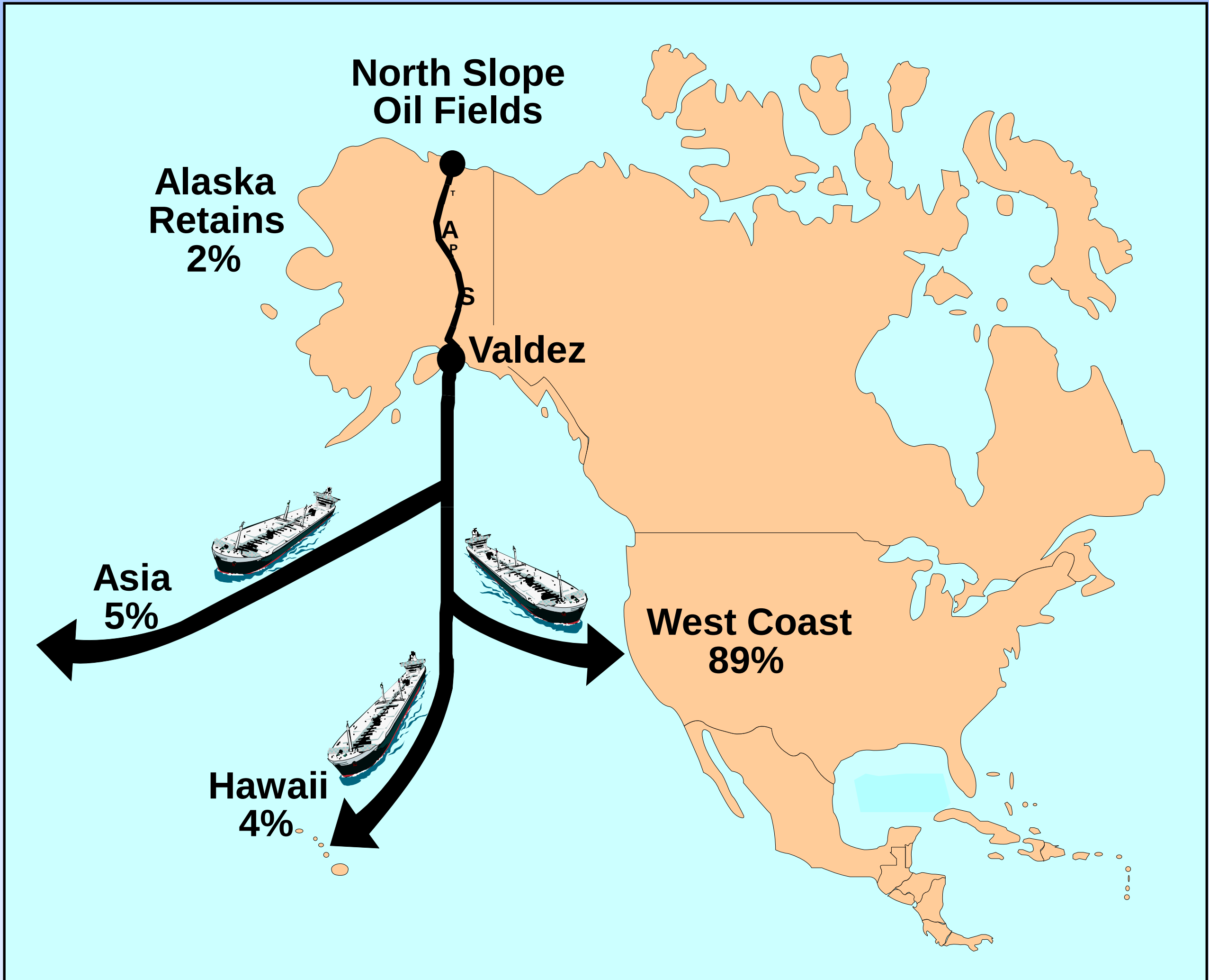
Month	PA	BP	ARCO
January-99	Prudhoe Bay IPA (PBU)	$6.67	$7.51
	Point McIntyre PA (PBU)	$6.38	$7.31
	Kuparuk PA (KRU)	$6.01	$6.94
	Endicott PA (DIU)	$5.88	$6.59
December-98	Prudhoe Bay IPA (PBU)	$5.03	$6.19
	Point McIntyre PA (PBU)	$4.81	$6.17
	Kuparuk PA (PBU)	$4.46	$5.78
	Endicott PA (DIU)	$4.16	$5.04

PBU = Prudhoe Bay Unit

KRU = Kuparuk River Unit

DIU = Duck Island Unit

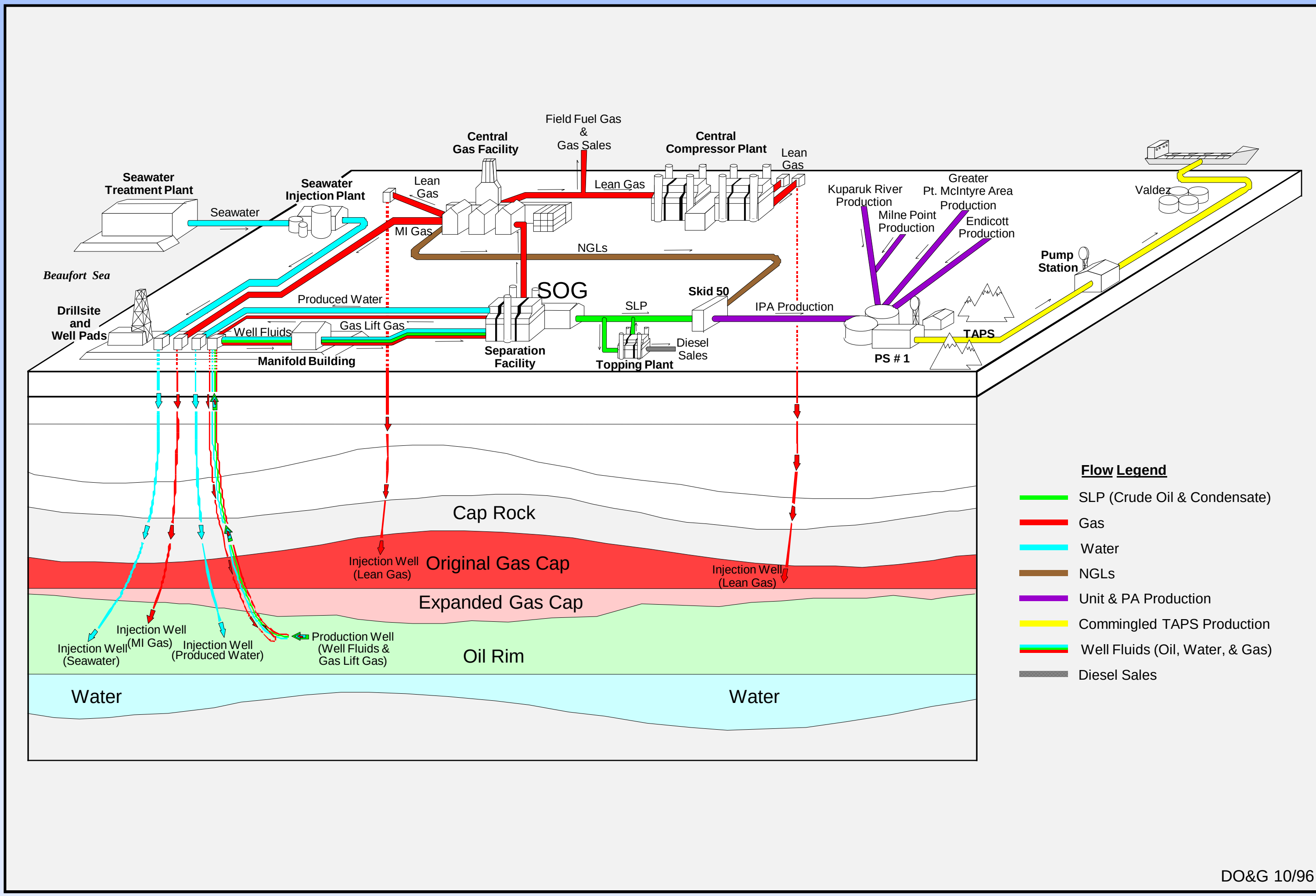
Alaska North Slope Crude Oil Destinations 1998



Source: Maritime Administration, December 1998.

DO&G 2/99

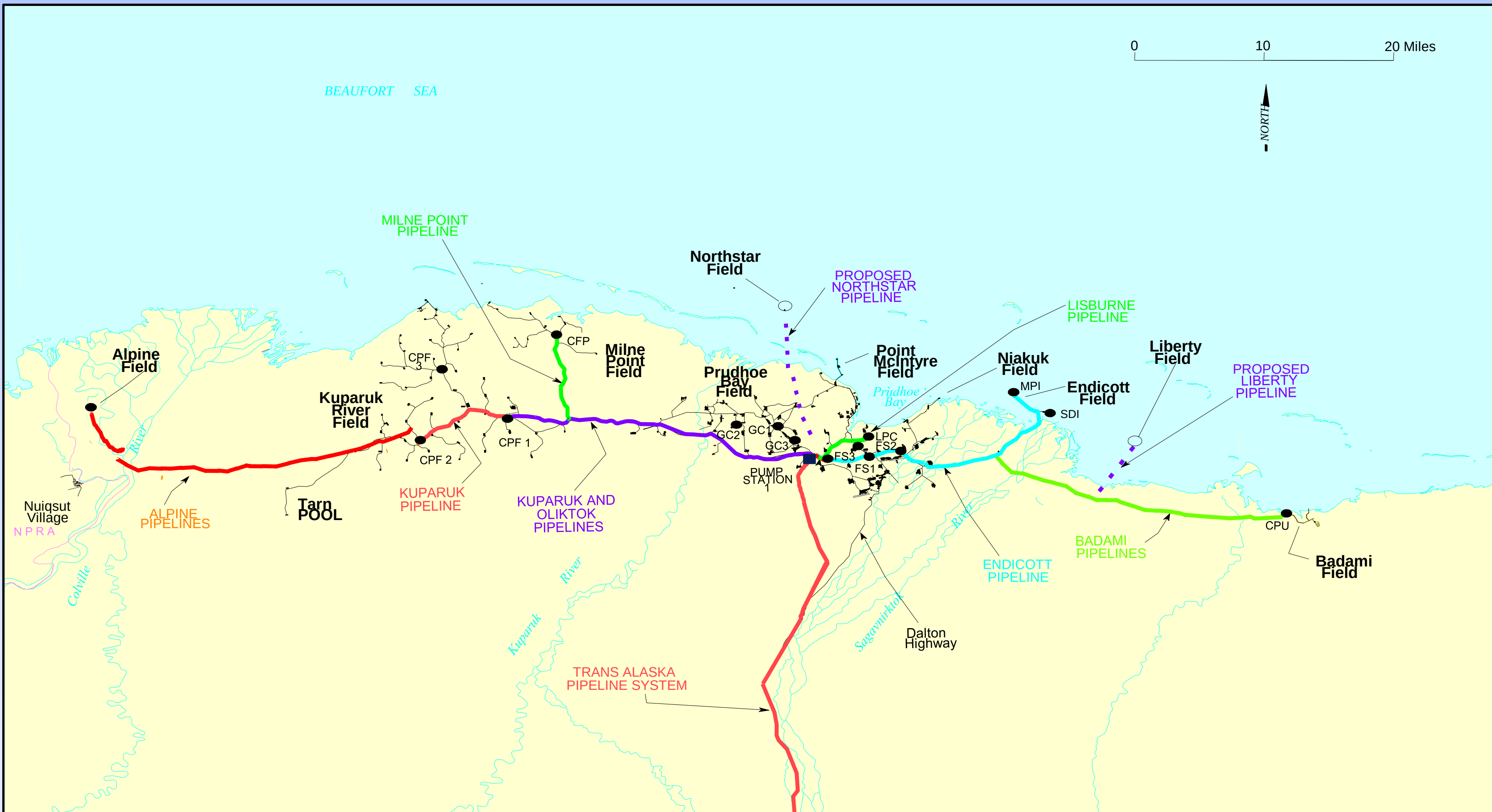
Prudhoe Bay Production & TAPS Schematic



Northslope Pipelines and Facilities

Map Legend

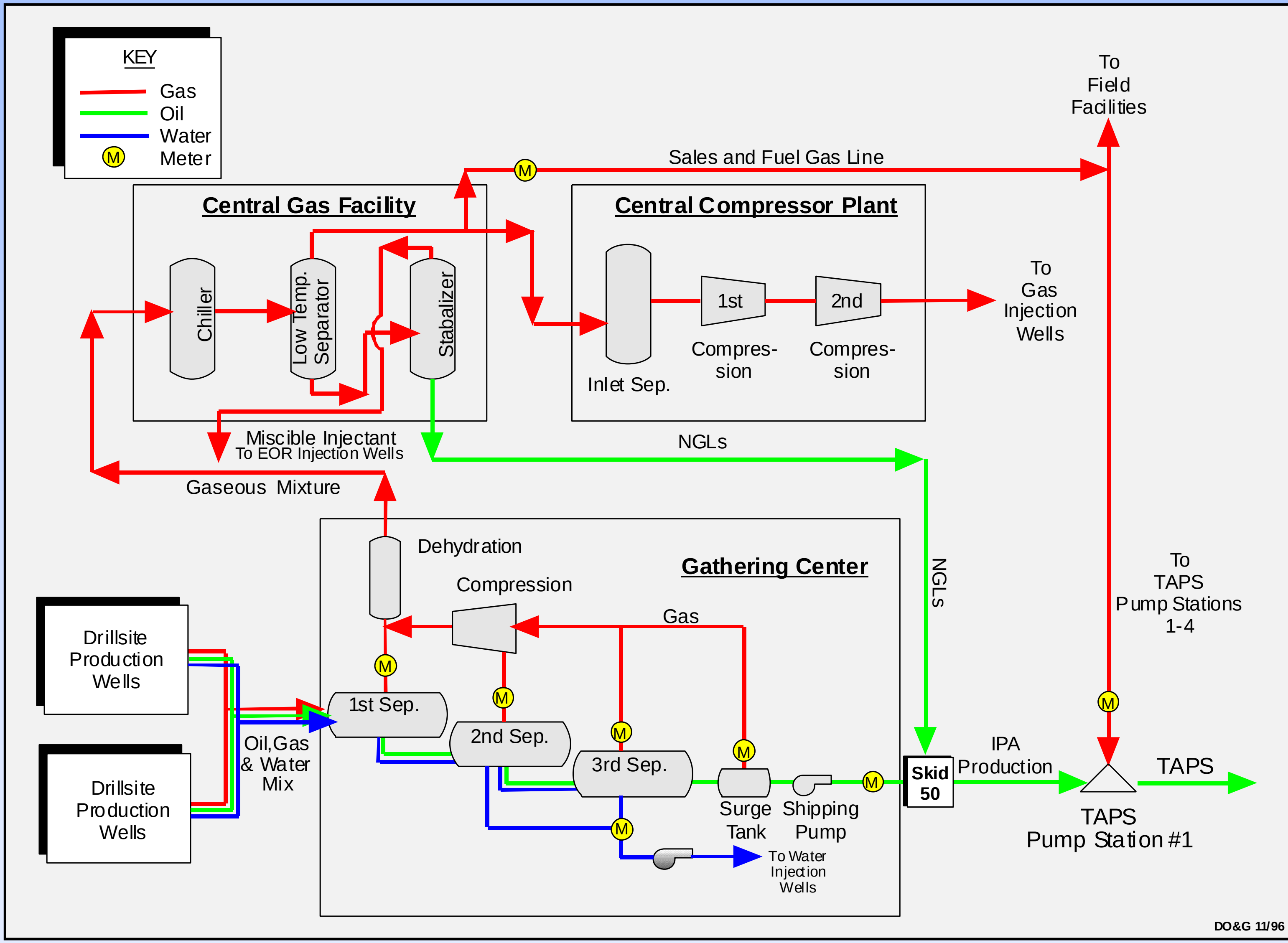
- Common carrier pipelines
- *Production facilities*
- *Undeveloped fields*
- *Roads and drillsites*
- *Pump station*



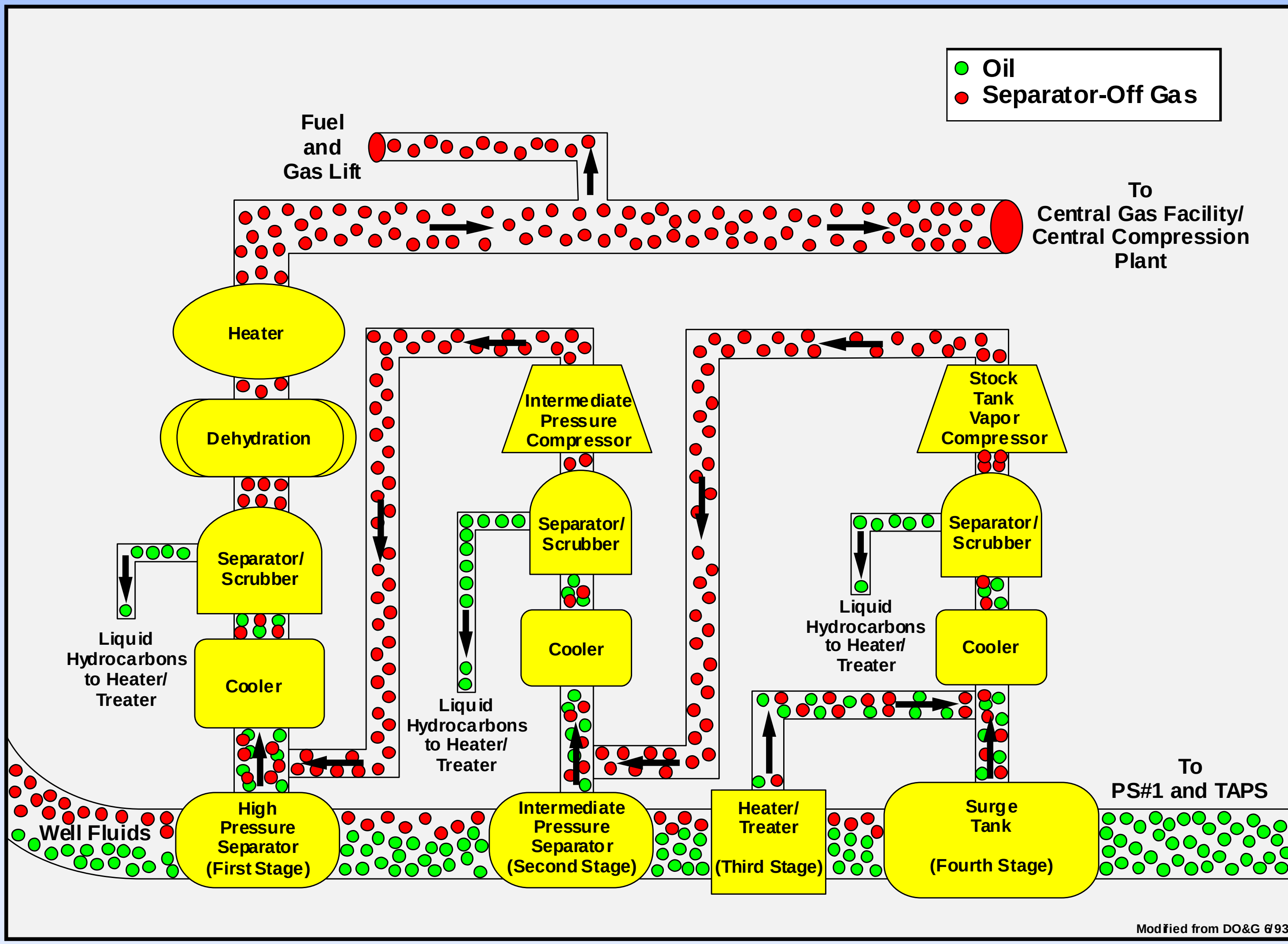
DNR/DO&G 1999

Production Facility Flow Schematic

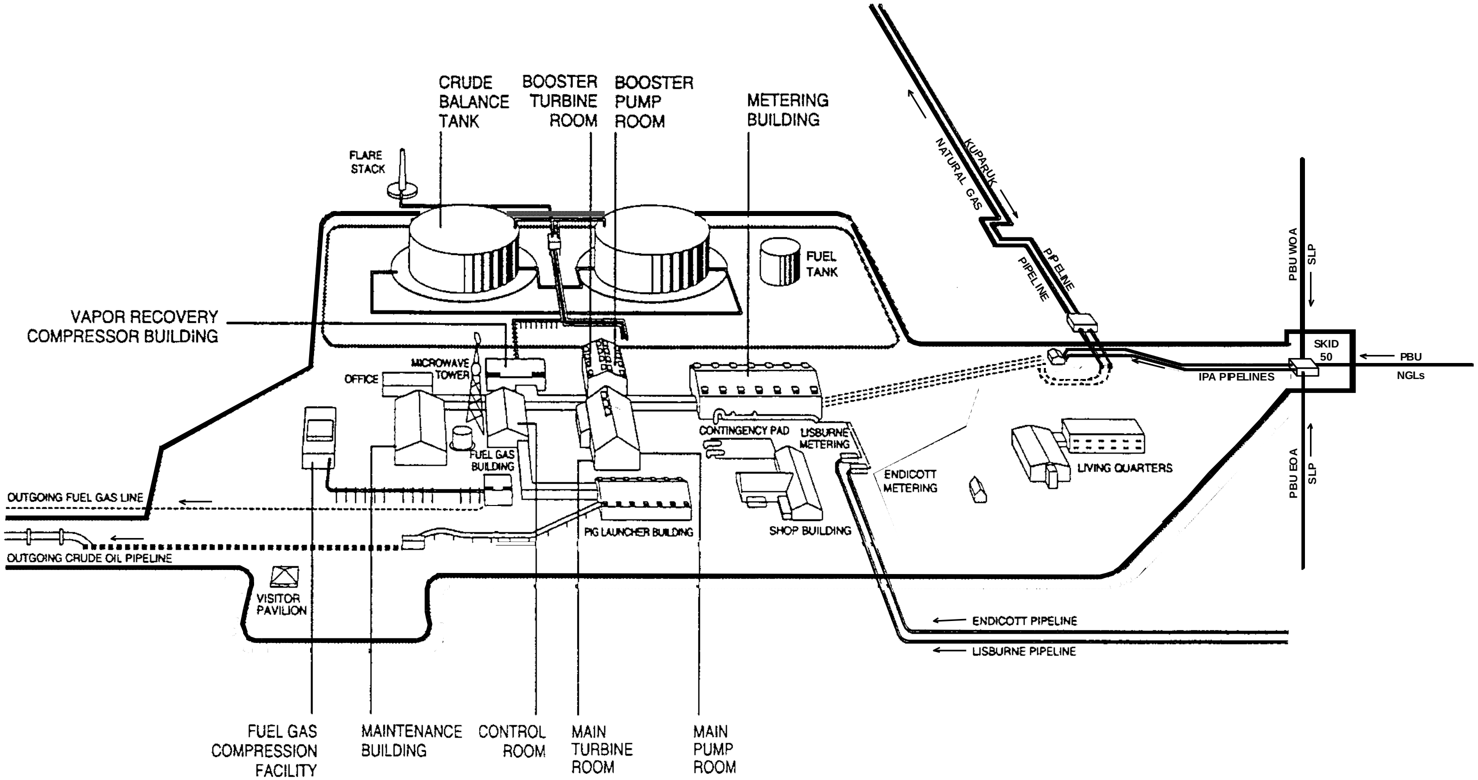
Prudhoe Bay Field Since 1987



Simplified Separation Facility

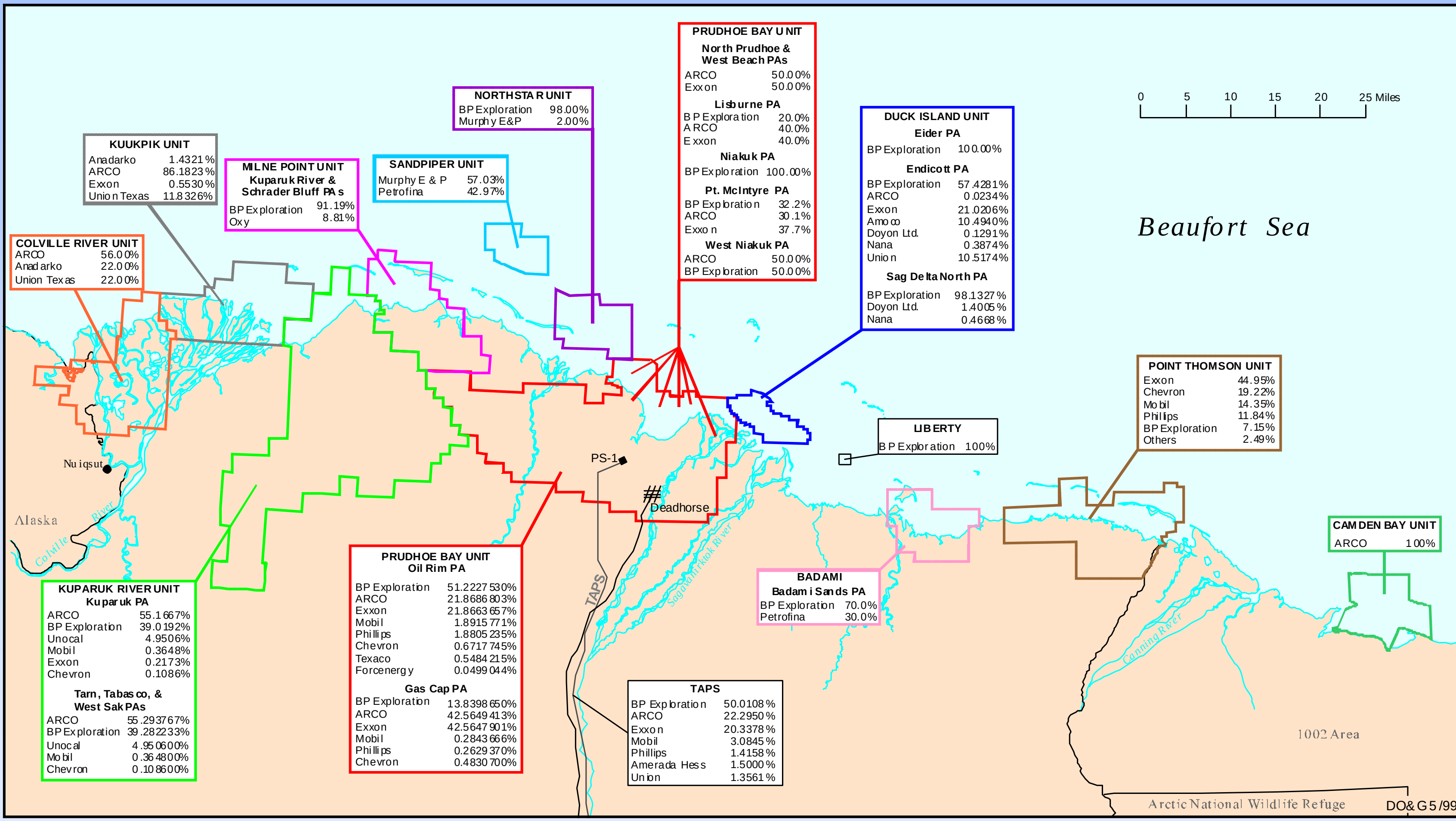


Pump Station 1 and Skid 50



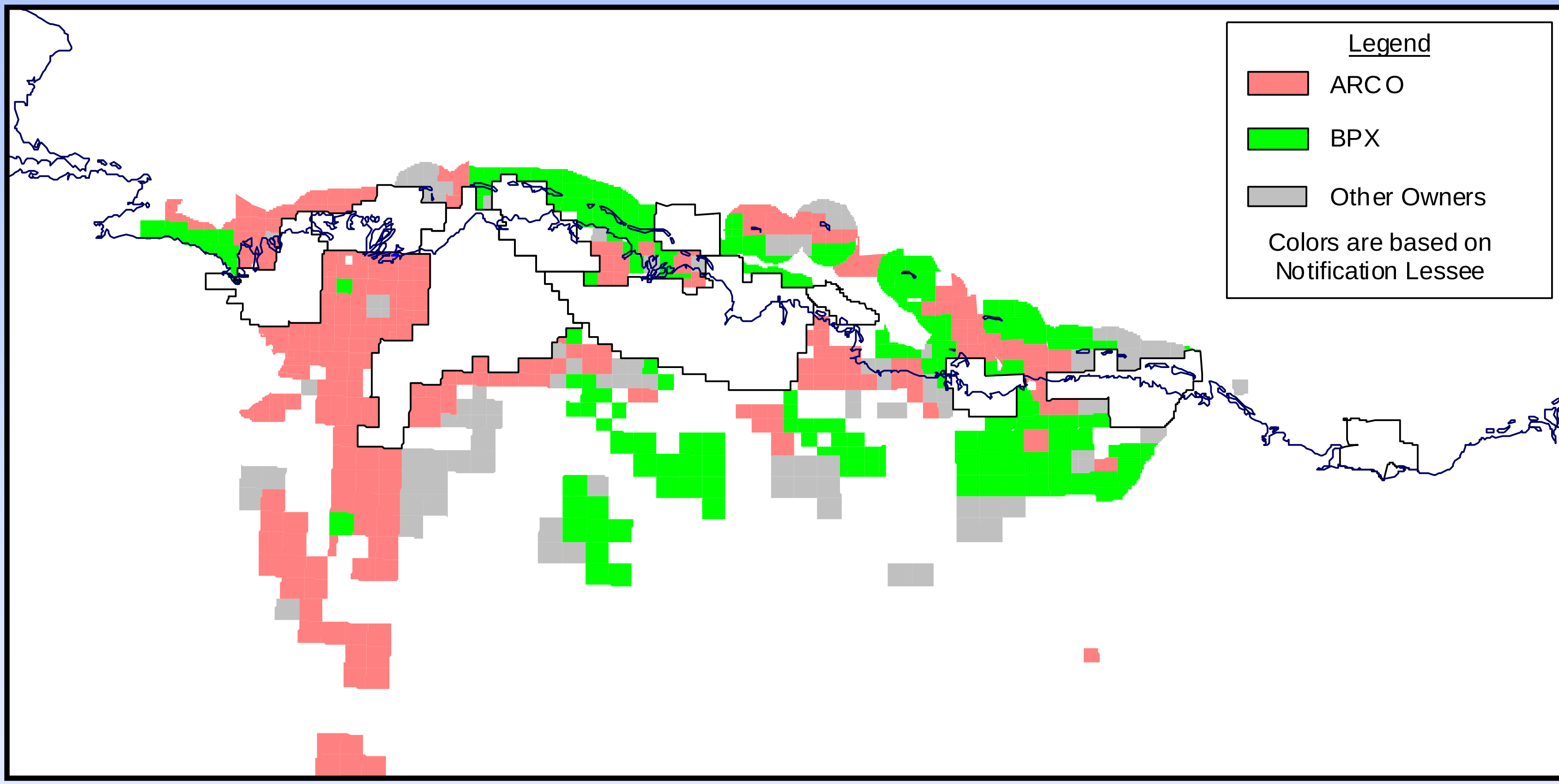
Modified from Alyeska Pipeline Service Company, 1994

North Slope Oilfield and Pool Ownership

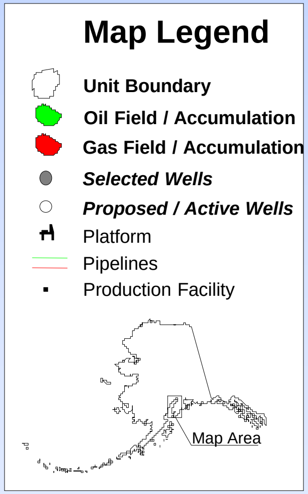


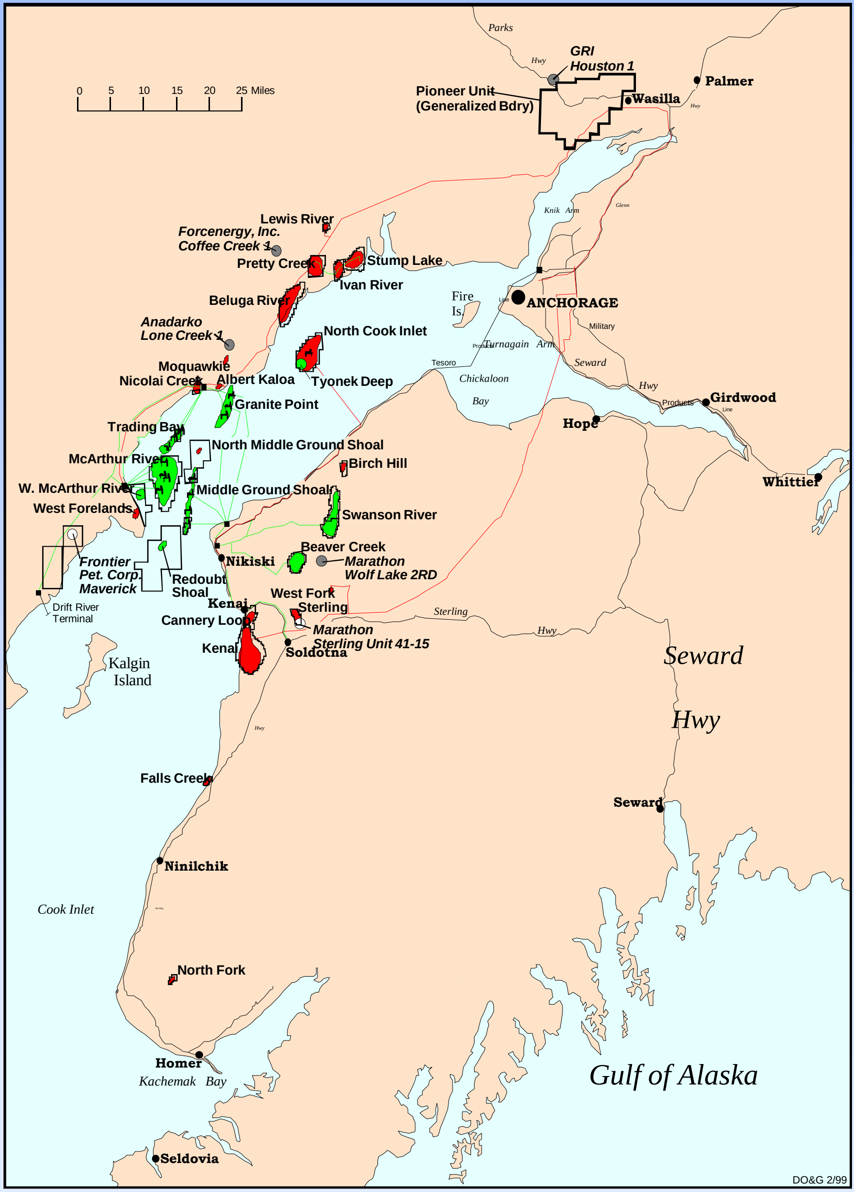
Central North Slope Lease Activity

Non-Unitized Lease Ownership

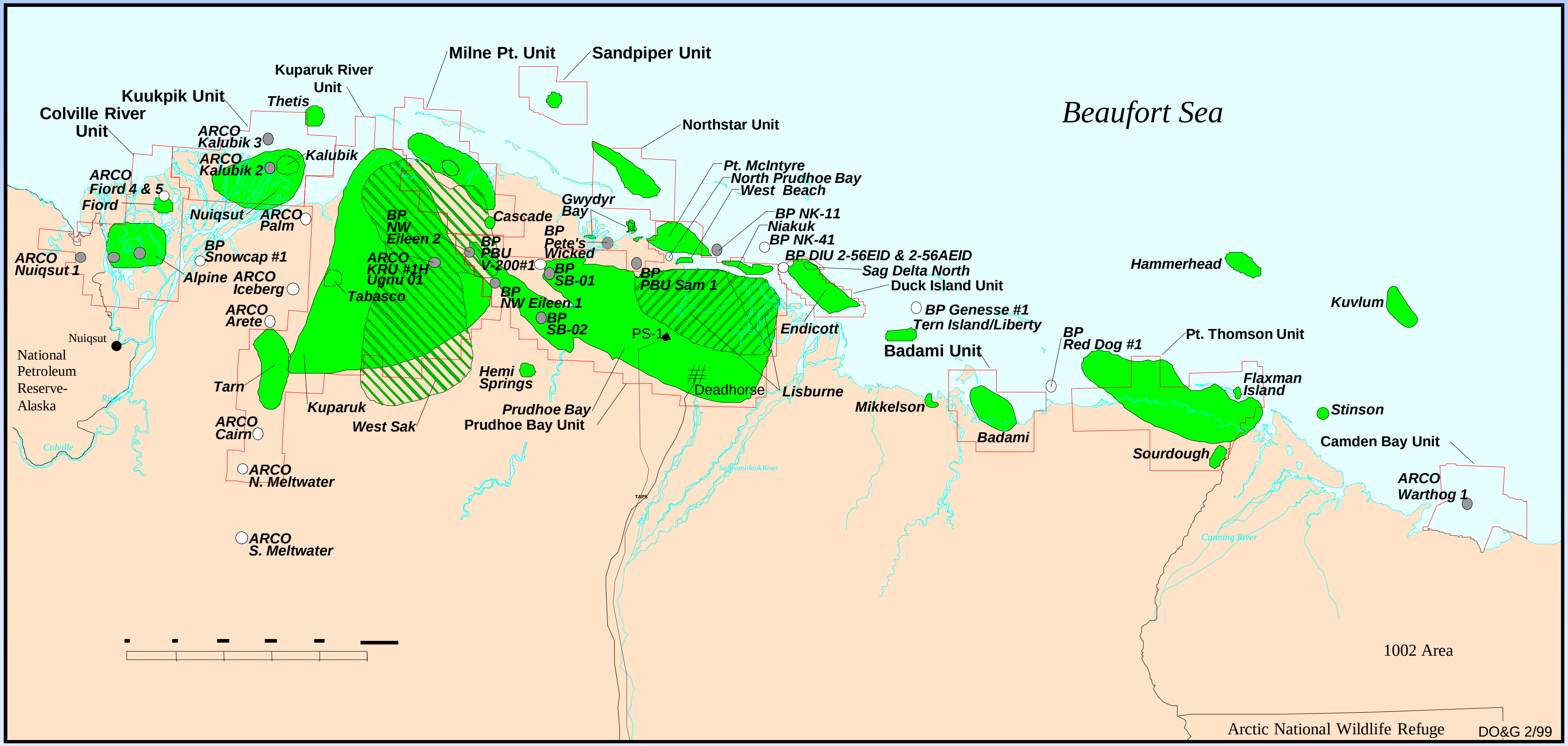


Cook Inlet Activity





Northern Alaska Activity



http://www.dnr.state.ak.us/oil

Alaska Reserves and Production

- **30% of total U.S. oil reserves.**
- 6.5 billion barrels of oil (U.S. total)
- **21% of total U.S. gas reserves**
- 34.2 trillion cubic feet of gas (U.S. total)
- **20% of total U.S. oil production**
- 1.27 million barrels of oil per day (U.S. total)

Sources: Alaska data are from Historical and Projected Oil & Gas Consumption 1999 (Draft)
U.S. data are from Energy Statistics Sourcebook, Oil & Gas Journal Energy Database 1998

Top 10 Producing U.S. Oil Fields*

Using 1997 Production Statistics and Start Up Production Estimates

1. *Prudhoe Bay* . . . . *690,000 b/d*
2. *Kuparuk* *263,000*
3. Midway-Sunset (CA) 170,000
4. *Point McIntyre* *162,000*
5. Kern River (CA) 134,000
6. Belridge South (CA) 113,000
7. Mississippi Canyon Block 807 (GOM) . . 88,000
8. Garden Banks Block 426 (GOM) 77,000
   {Alpine} (year 2000 start up) . . . . *{75,000}*
9. Spraberry Trend (TX) 60,000
   {Northstar} (year 2003 start up) . . . . *{60,000}*
10. *Endicott* *59,000*

*Source: Oil and Gas Journal, Jan. 26, 1998.

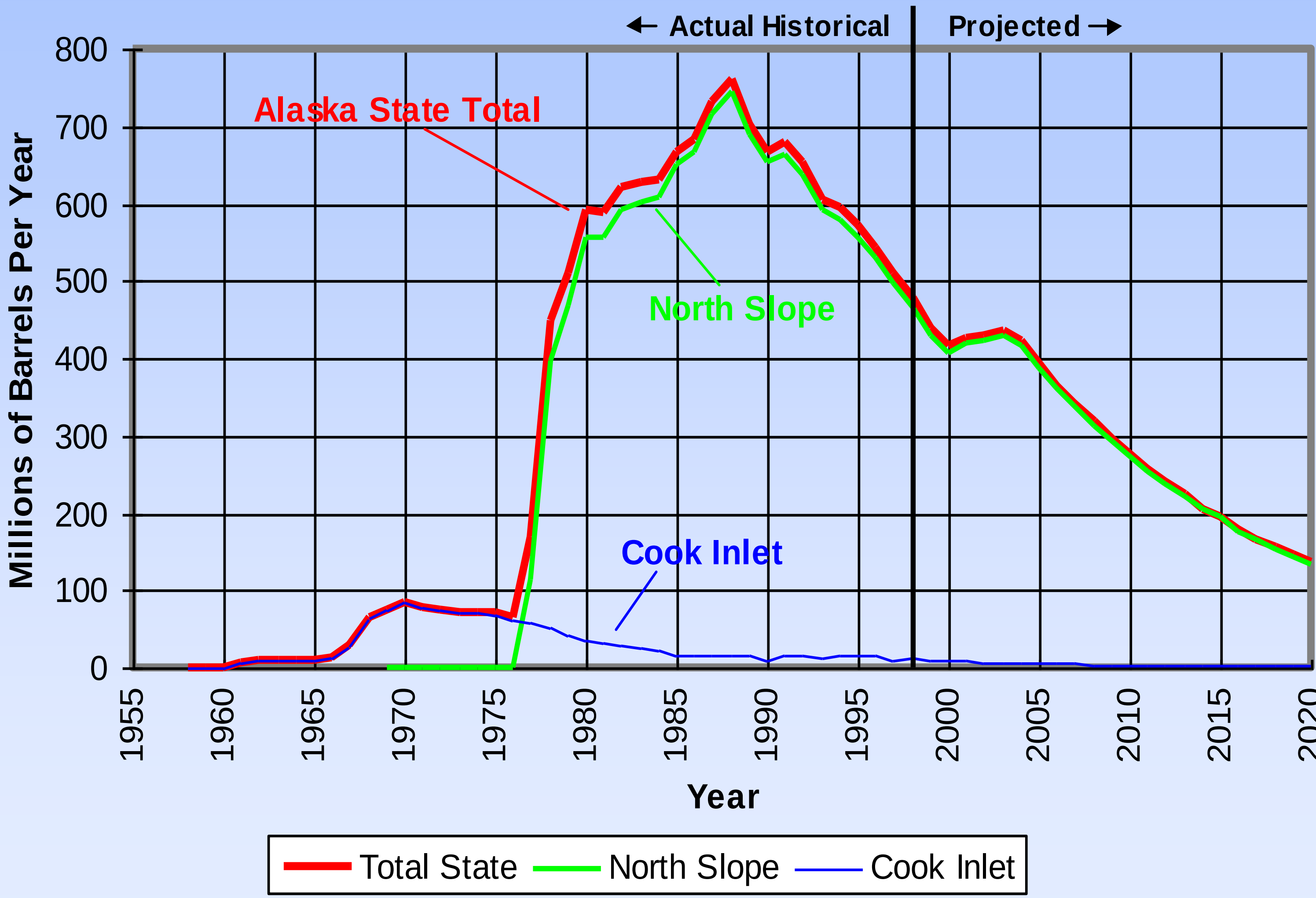
Alaska Oil & Gas Facts

		Cook Inlet	North Slope
Producing Fields:	Oil	7	14
	Gas	17	3
Average Daily Production: (Millions of barrels oil or billion cubic feet gas)	Oil	0.029	1.263
	Gas (Net)	0.587	0.757
Cumulative Net Production: (Millions of barrels oil or billion cubic feet gas)	Oil	1,248	12,239
	Gas	5,575	3,549
Remaining Reserves: (Millions of barrels oil or billion cubic feet gas)	Oil	64	6,458
	Gas	3,066	31,155

Source: Historical and Projected Oil & Gas Consumption 1999 (Draft)

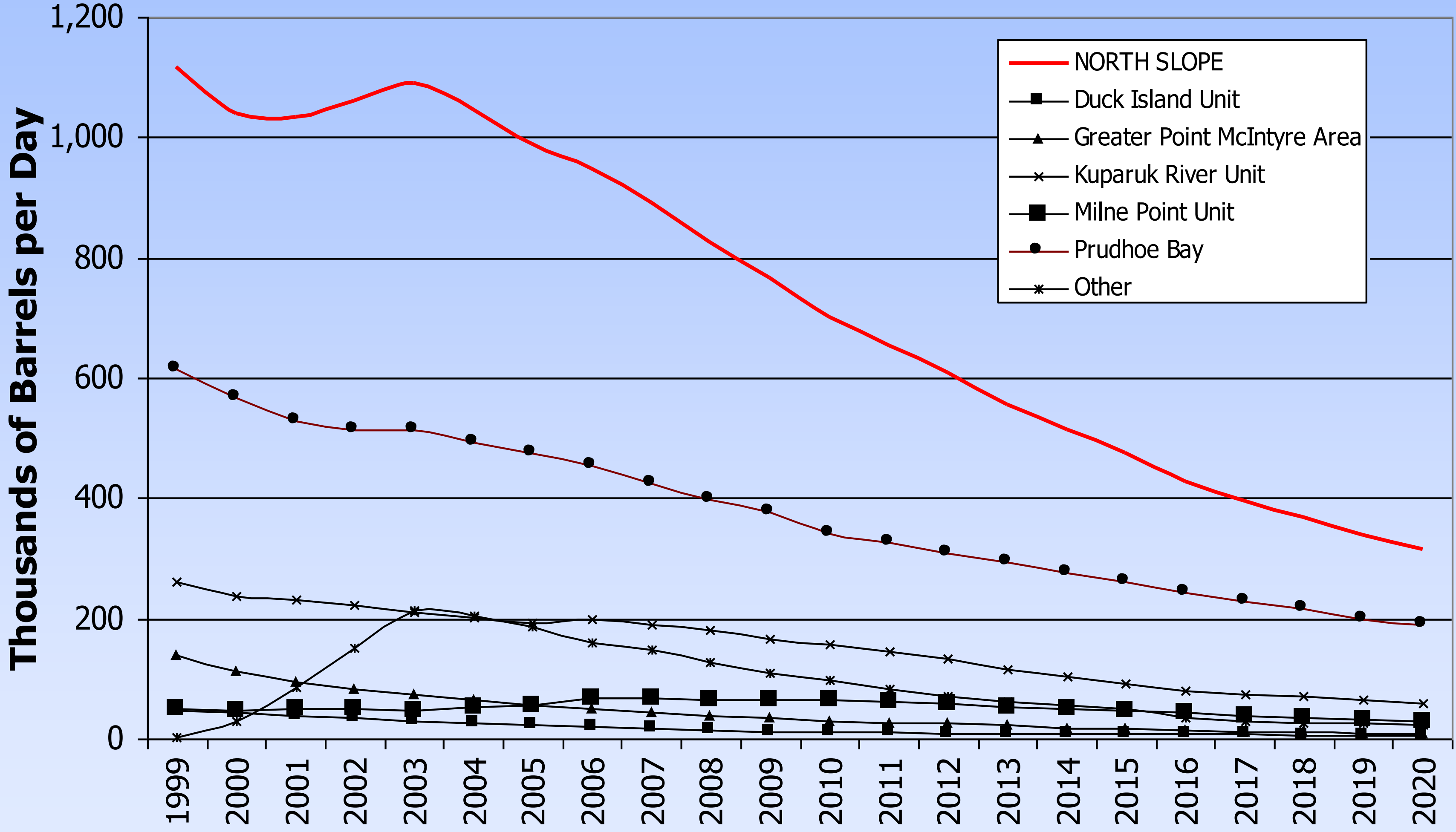
Alaska Oil Production Rates

Historical and Projected



Oil Production Forecast for North Slope

By Area



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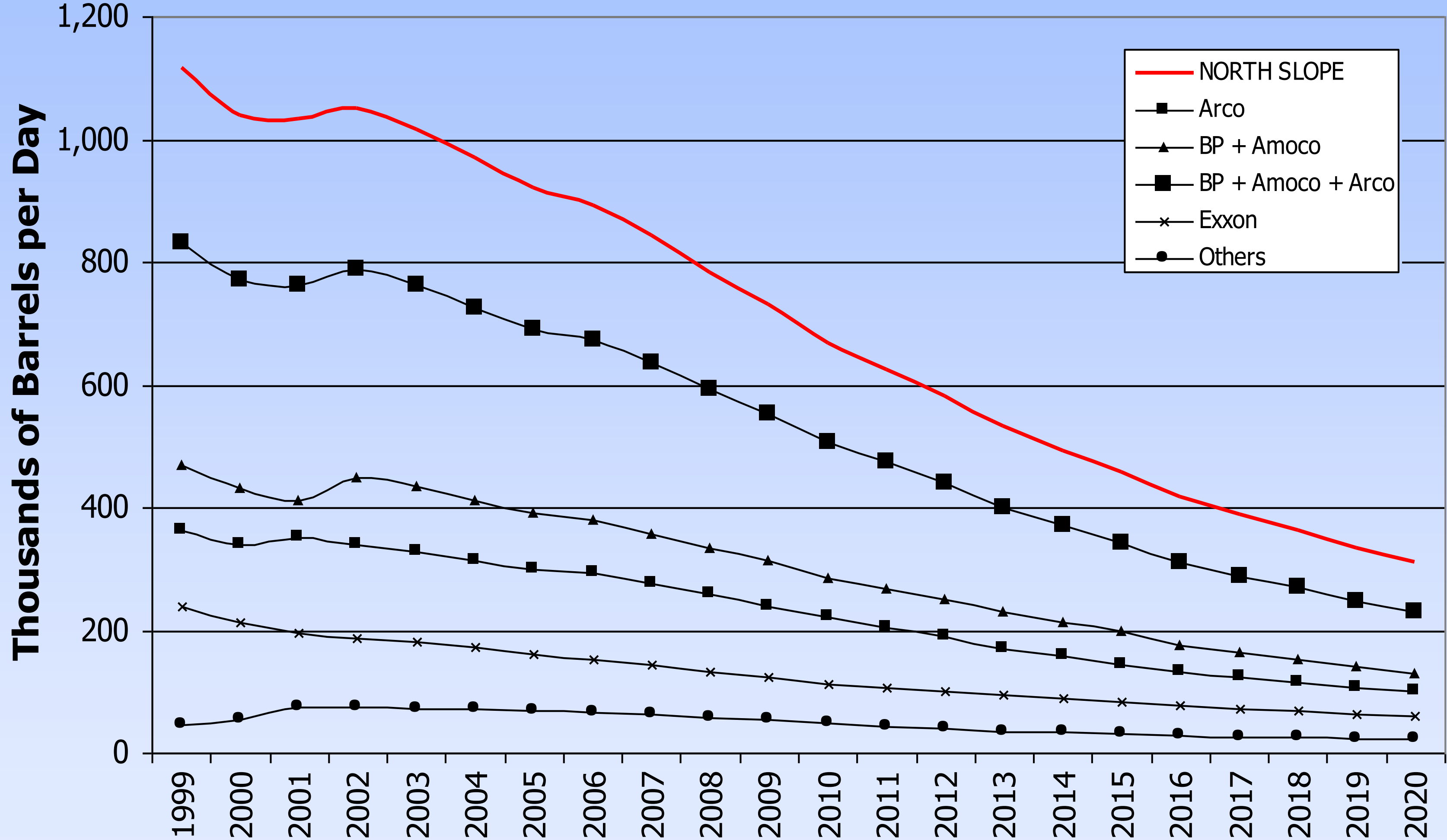
Oil Production Forecast for North Slope

By Producer



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Available Royalty Oil Forecast

By Field

THOUSANDS OF BARRELS PER DAY. INCLUDES OIL, CONDENSATE, AND NGLs		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Cumulative (MBbl)
AVAILABLE ROYALTY OIL	**Royalty Percent**																							
NORTH SLOPE																								
Alpine	10.0% [9]	-	3	8	8	8	8	7	7	7	6	5	5	4	4	3	3	3	2	2	2	2	2	35,041
Badami	14.6%	0	1	1	1	1	1	1	0	0	0	0	-	-	-	-	-	-	-	-	-	-	-	2,132
Duck Island Unit	14.2%	7	6	6	5	4	4	3	3	2	2	2	2	2	1	1	1	1	1	1	1	1	1	21,245
Eider	12.5%	1	1	1	1	1	0	0	0	0	0	0	-											1,483
Endicott [1]	14.4%	6	6	5	4	4	4	3	3	2	2	2	2	2	1	1	1	1	1	1	1	1	1	19,763
Greater Point McIntyre Area (GPMA)	13.0%	19	15	13	11	10	9	7	7	6	5	5	4	-	-	-	-	-	-	-	-	-	-	40,294
Lisburne	12.5%	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	7,232
Niakuk [2]	12.5%	3	3	3	2	2	2	1	1	1	1	1	1	3	3	3	2	2	2	2	1	1	1	15,242
Point McIntyre	13.8%	14	11	9	8	7	6	5	5	4	4	3	3	1	1	0	0	0	0	0	0	0	0	29,869
West Beach, N. Prudhoe Bay St.	12.5%	0	0	0	0	0	0	0	0	0	0	0	0	1	1	0	0	0	0	0	0	0	0	2,122
Kuparuk River Unit	12.5%	33	30	29	28	26	25	24	25	24	23	21	20	2	2	2	2	1	1	1	1	1	1	116,895
Kuparuk	12.5%	28	25	24	23	23	21	20	20	18	17	16	15	0	0	0	-	-	-	-	-	-	-	91,775
Tarn	12.5%	3	3	3	3	2	2	1	1	1	1	1	1	18	17	14	13	11	10	9	9	8	7	50,530
Tabasco	12.5%	1	1	1	1	1	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	-	3,855
West Sak	12.5%	0	0	1	1	1	1	2	4	4	4	4	4	4	4	3	3	3	3	3	2	2	2	19,619
Liberty	0.0% [10]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Milne Point Unit	14.6%	7	7	7	7	7	8	8	10	10	10	9	9	9	8	8	7	7	6	6	5	5	4	60,600
Milne Point	14.6%	7	6	6	6	6	6	6	5	5	5	5	5	4	4	4	3	3	3	3	2	2	2	36,198
Sag River	14.6%	-	-	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-	-	1,142
Schrader Bluff	14.6%	1	1	1	1	1	2	2	4	4	4	4	4	4	4	4	4	4	3	3	3	3	2	23,261
Northstar	16.0% [11]	-	-	1	10	10	8	7	5	5	4	3	3	2	2	1	1	1	-	-	-	-	-	22,396
Other Onshore [4]	12.5%	-	-	-	-	4	4	4	3	3	2	2	2	2	2	1	1	1	1	1	1	1	1	12,596
Prudhoe Bay	12.5%	77	71	66	64	64	62	59	57	53	50	47	43	41	39	37	35	33	31	29	27	25	24	376,224
Prudhoe Bay Pool [5]	12.5%	76	69	65	61	58	55	52	50	47	44	42	39	37	36	34	32	31	29	28	26	25	24	349,807
Prudhoe Bay Satellites	12.5%	1	1	2	4	6	7	7	7	6	5	5	4	4	3	3	2	2	2	1	1	-	-	26,417
TOTAL		**143**	**132**	**130**	**134**	**134**	**128**	**121**	**116**	**109**	**101**	**95**	**87**	**87**	**81**	**74**	**69**	**64**	**58**	**54**	**50**	**46**	**43**	**750,478**
COOK INLET [6]																								
Beaver Creek	0.0% [12]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Granite Point	12.5%	1	1	1	1	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,163
McArthur River	12.5%	2	2	1	1	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,704
Middle Ground Shoal	12.5%	1	1	1	1	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,201
Swanson River	0.0% [12]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading Bay	12.5%	0	0	0	0	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	375
West McArthur River	12.5%	0	0	0	0	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	482
TOTAL		**4**	**3**	**3**	**3**	**3**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,926
STATE		**146**	**136**	**133**	**137**	**137**	**128**	**121**	**116**	**109**	**101**	**95**	**87**	**87**	**81**	**74**	**69**	**64**	**58**	**54**	**50**	**46**	**43**	**756,403**
IN-KIND ROYALTY OIL SALES																								
Mapco 1 [7]		35	35	35	35	35	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	63,875
Mapco 3 [8]		26	24	24	24	25	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	44,888
TOTAL		**61**	**59**	**59**	**59**	**60**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	108,763
IN-VALUE ROYALTY OIL		**86**	**76**	**74**	**78**	**77**	**128**	**121**	**116**	**109**	**101**	**95**	**87**	**87**	**81**	**74**	**69**	**64**	**58**	**54**	**50**	**46**	**43**	**647,641**

NOTE: "-" = zero or no data; "0" = less than 0.5.

[1] "Endicott" includes Endicott and Sag Delta.

[2] "Niakuk" includes all Niakuk wells.

[3] "Kuparuk" includes Kuparuk River Unit Enhanced Oil Recovery (EOR) barrels taken as credit against royalty.

[4] "Other Onshore" includes one of several known discoveries which probably will be developed.

[5] "Prudhoe Bay Pool" includes NGLs produced from Prudhoe Bay pool then sent, via Oliktok pipeline, to Kuparuk field: 30,000 Bpd until the end of 2008 and 15,000 Bpd thereafter.

[6] The Cook Inlet forecast is arbitrarily cut off after 2003 because there are no public estimates of economic limits for the individual fields.

[7] The Mapco 1 contract is for 35,000 BPD of Prudhoe Bay Unit royalty production. The contract expires December 2003.

[8] The Mapco 3 contract reserves to Mapco an annually increasing percentage of Prudhoe Bay Unit (Prudhoe Bay+GPMA) royalty production; 1999: 27.0%, 2000: 28.5%, 2001: 30.0%, 2002: 32.0%, 2003: 33.5%. The contract expires December 2003.

[9] Alpine's estimated state royalty share. It does not include the royalty share attributable to Arctic Slope Regional Corporation.

[10] This forecast allocates no Liberty production to state leases but the field will pay an assumed 27% of 8g revenue.

[11] Northstar's estimated minimum state royalty share. It does not include federal royalty 8g revenue nor the sliding scale state Supplemental Royalty.

[12] Beaver Creek and Swanson River fields lie entirely within federal leases and so pay no state royalty.

Revised 4/13/99

Oil Production Forecast

By Field

THOUSANDS OF BARRELS PER DAY. INCLUDES OIL, CONDENSATE, AND NGLs	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Cumulative (MBbl)
PRODUCTION FORECAST																							
NORTH SLOPE																							
Alpine	-	25	75	75	75	75	72	68	67	59	52	48	41	36	30	28	26	24	23	22	21	20	350,409
Badami	3	5	5	5	4	4	4	3	3	2	2	-	-	-	-	-	-	-	-	-	-	-	14,600
Duck Island Unit	47	44	39	35	31	28	24	20	17	15	13	11	11	10	10	9	9	8	8	7	7	6	149,103
Eider	5	5	5	5	4	3	2	1	1	1	1	-	-	-	-	-	-	-	-	-	-	-	11,863
Endicott [1]	42	39	34	30	27	25	22	19	16	14	12	11	11	10	10	9	9	8	8	7	7	6	137,240
Greater Point McIntyre Area (GPMA)	140	112	96	84	74	65	56	50	45	40	35	31	28	26	23	19	17	15	13	11	10	9	362,471
Lisburne	7	7	7	7	7	7	7	6	6	5	5	4	4	4	4	3	3	3	3	2	2	2	37,413
Niakuk [2]	26	23	21	19	16	13	11	10	9	8	7	6	5	4	4	3	3	2	2	2	1	1	69,533
Point McIntyre	104	79	65	56	49	43	38	33	30	26	23	21	18	17	15	13	12	10	9	8	7	6	246,766
West Beach, N. Prudhoe Bay St.	3	3	3	3	3	2	1	1	1	1	1	1	1	1	1	-	-	-	-	-	-	-	8,760
Kuparuk River Unit	260	238	232	224	211	201	194	199	190	180	166	156	146	133	115	104	91	81	75	70	65	59	1,236,255
Kuparuk[3]	227	203	195	187	180	170	162	156	147	139	126	117	108	97	83	74	63	57	53	49	45	42	978,200
Tarn	22	22	22	22	17	14	12	10	9	8	7	7	6	5	3	2	2	1	1	1	1	1	70,263
Tabasco	9	10	10	10	7	6	5	4	4	3	3	3	2	2	2	2	1	1	1	1	1	-	30,843
West Sak	2	3	5	5	7	11	16	29	30	30	30	30	30	29	27	26	25	22	20	19	18	16	156,950
Liberty	-	-	-	13	40	40	40	34	29	24	21	18	16	15	13	12	11	5	-	-	-	-	119,355
Milne Point Unit	50	49	51	51	49	52	56	67	67	66	65	64	61	58	54	51	49	44	40	37	33	29	416,498
Milne Point	45	44	43	42	40	39	38	37	36	35	34	33	30	28	26	24	23	21	19	17	15	13	248,781
Sag River	-	-	2	2	2	2	2	1	1	1	1	1	1	1	1	1	1	1	1	1	-	-	7,848
Schrader Bluff	5	5	6	7	7	11	16	29	30	30	30	30	30	29	27	26	25	22	20	19	18	16	159,870
Northstar	-	-	5	60	60	52	42	34	29	24	20	16	13	10	8	6	5	-	-	-	-	-	139,978
Other Onshore [4]	-	-	-	-	35	35	29	23	20	18	17	15	14	12	11	10	9	8	7	7	6	5	100,770
Prudhoe Bay	616	566	530	515	513	493	474	453	425	397	378	343	326	309	293	276	260	244	230	217	199	189	3,009,790
Prudhoe Bay Pool[5]	610	555	516	487	462	439	417	398	376	354	339	309	297	284	271	257	245	232	221	210	199	189	2,798,455
Prudhoe Bay Satellites	6	11	14	28	51	54	57	55	49	43	39	34	29	25	22	19	15	12	9	7			211,335
TOTAL	**1,116**	**1,039**	**1,033**	**1,062**	**1,092**	**1,045**	**990**	**949**	**891**	**825**	**768**	**702**	**655**	**608**	**556**	**514**	**476**	**429**	**396**	**370**	**339**	**316**	**5,899,228**
COOK INLET [6]																							
Beaver Creek	0.29	0.28	0.27	0.25	0.24	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	485
Granite Point	6.00	5.50	5.10	4.60	4.30	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9,308
McArthur River	13.10	12.45	11.82	11.23	10.67	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	21,632
Middle Ground Shoal	5.82	5.53	5.25	4.99	4.74	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9,605
Swanson River	2.15	1.83	1.56	1.32	1.13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,913
Trading Bay	1.82	1.73	1.64	1.56	1.48	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,004
West McArthur River	2.85	2.42	2.06	1.75	1.49	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,856
TOTAL	**32.03**	**29.73**	**27.70**	**25.70**	**24.04**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	50,803
STATE	**1,148**	**1,068**	**1,060**	**1,087**	**1,116**	**1,045**	**990**	**949**	**891**	**825**	**768**	**702**	**655**	**608**	**556**	**514**	**476**	**429**	**396**	**370**	**339**	**316**	**5,950,031**

NOTE: "-" = zero or no data; "0" = less than 0.5.

[1] "Endicott" includes Endicott and Sag Delta.

[2] "Niakuk" includes all Niakuk wells.

[3] "Kuparuk" includes Kuparuk River Unit Enhanced Oil Recovery (EOR) barrels taken as credit against royalty.

[4] "Other Onshore" includes one of several known discoveries which probably will be developed.

[5] "Prudhoe Bay Pool" includes NGLs produced from Prudhoe Bay pool then sent, via Oliktok pipeline, to Kuparuk field: 30,000 Bpd until the end of 2008 and 15,000 Bpd thereafter.

[6] The Cook Inlet forecast is arbitrarily cut off after 2003 because there are no public estimates of economic limits for the individual fields.

[7] The Mapco 1 contract is for 35,000 BPD of Prudhoe Bay Unit royalty production. The contract expires December 2003.

[8] The Mapco 3 contract reserves to Mapco an annually increasing percentage of Prudhoe Bay Unit (Prudhoe Bay+GPMA) royalty production; 1999: 27.0%, 2000: 28.5%, 2001: 30.0%, 2002: 32.0%, 2003: 33.5%. The contract expires December 2003.

[9] Alpine's estimated state royalty share. It does not include the royalty share attributable to Arctic Slope Regional Corporation.

[10] This forecast allocates no Liberty production to state leases but the field will pay an assumed 27% of 8g revenue.

[11] Northstar's estimated minimum state royalty share. It does not include federal royalty 8g revenue nor the sliding scale state Supplemental Royalty.

[12] Beaver Creek and Swanson River fields lie entirely within federal leases and so pay no state royalty.

Revised 4/13/99

Oil Production Forecast

By Lessee

THOUSANDS OF BARRELS PER DAY. INCLUDES OIL, CONDENSATE, AND NGLs

	Working Interest	Total Offtake[1]	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Cumulative (MBbl)
PRODUCTION FORECAST FOR NORTH SLOPE [2]																									
Alpine			-	25	75	75	75	75	72	68	67	59	52	48	41	36	30	28	26	24	23	22	21	20	350,409
Arco	56.00%		-	14	42	42	42	42	40	38	38	33	29	27	23	20	17	16	15	13	13	12	11	11	196,229
Anadarko	22.00%		-	6	17	17	17	17	16	15	15	13	11	11	9	8	7	6	6	5	5	5	5	4	77,090
UTP [3]	22.00%		-	6	17	17	17	17	16	15	15	13	11	11	9	8	7	6	6	5	5	5	5	4	77,090
Badami			3	5	5	5	4	4	4	3	3	2	2	-	-	-	-	-	-	-	-	-	-	-	14,600
BP	70.00%		2	4	4	4	3	3	3	2	2	1	1	-	-	-	-	-	-	-	-	-	-	-	10,220
FINA	30.00%		1	2	2	2	1	1	1	1	1	1	1	-	-	-	-	-	-	-	-	-	-	-	4,380
Duck Island Unit [4]			47	44	39	35	31	28	24	20	17	15	13	11	11	10	10	9	9	8	8	7	7	6	149,103
Amoco		10.20%	5	4	4	4	3	3	2	2	2	2	1	1	1	1	1	1	1	1	1	1	1	1	15,208
Arco		0.02%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	30
BP		58.79%	28	26	23	21	18	16	14	12	10	9	7	6	6	6	6	5	5	5	5	4	4	4	87,657
Doyon		0.13%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	194
Exxon		20.31%	10	9	8	7	6	6	5	4	3	3	3	2	2	2	2	2	2	2	2	1	1	1	30,283
NANA		0.39%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	581
Unocal		10.16%	5	4	4	4	3	3	2	2	2	2	1	1	1	1	1	1	1	1	1	1	1	1	15,149
Greater Point McIntyre [5]			140	112	96	84	74	65	56	50	45	40	35	31	28	26	23	19	17	15	13	11	10	9	362,471
Arco		28.72%	40	32	28	24	21	19	16	14	13	11	10	9	8	7	6	5	5	4	4	3	3	2	104,102
BP		36.43%	51	41	35	31	27	23	20	18	16	14	13	11	10	9	8	7	6	5	5	4	3	3	132,048
Exxon		34.85%	49	39	33	29	26	22	20	17	16	14	12	11	10	9	8	7	6	5	5	4	3	3	126,321
Kuparuk River Unit [6]			260	238	232	224	211	201	194	199	190	180	166	156	146	133	115	104	91	81	75	70	65	59	1,236,255
Arco		54.95%	143	131	127	123	116	110	107	109	104	99	91	86	80	73	63	57	50	45	41	38	35	32	679,322
BP		39.05%	102	93	91	87	82	78	76	78	74	70	65	61	57	52	45	40	36	32	29	27	25	23	482,758
Chevron		0.11%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,360
Exxon		0.21%	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,596
Mobil		0.36%	1	1	1	1	1	1	1	1	1	1	1	1	1	0	0	0	0	0	0	0	0	0	4,451
Unocal		5.32%	14	13	12	12	11	11	10	11	10	10	9	8	8	7	6	6	5	4	4	4	3	3	65,769
Milne Point Unit [7]			50	49	51	51	49	52	56	67	67	66	65	64	61	58	54	51	49	44	40	37	33	29	416,498
BP		91.56%	46	45	46	47	45	48	51	61	61	60	60	59	56	53	49	47	44	40	37	33	30	27	381,346
Oxy		8.44%	4	4	4	4	4	4	5	6	6	6	5	5	5	5	5	4	4	4	3	3	3	2	35,152
North Star			-	-	5	60	60	52	42	34	29	24	20	16	13	10	8	6	5	-	-	-	-	-	139,978
BP	98.08%		-	-	5	59	59	51	41	33	28	24	20	16	13	10	8	6	5	-	-	-	-	-	137,290
Murphy	1.92%		-	-	0	1	1	1	1	1	1	0	0	0	0	0	0	0	0	-	-	-	-	-	2,688
Prudhoe Bay Unit [8]			616	566	530	515	513	493	474	453	425	397	378	343	326	309	293	276	260	244	230	217	199	189	3,009,790
Arco		28.97%	178	164	154	149	149	143	137	131	123	115	110	99	94	90	85	80	75	71	67	63	58	55	871,936
BP		38.52%	237	218	204	198	198	190	183	174	164	153	146	132	126	119	113	106	100	94	89	84	77	73	1,159,371
Chevron		0.61%	4	3	3	3	3	3	3	3	3	2	2	2	2	2	2	2	2	1	1	1	1	1	18,360
Exxon		29.04%	179	164	154	150	149	143	138	132	123	115	110	100	95	90	85	80	76	71	67	63	58	55	874,043
Forcenergy		0.03%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	903
Mobil		1.14%	7	6	6	6	6	6	5	5	5	5	4	4	4	4	3	3	3	3	3	2	2	2	34,312
Phillips		1.33%	8	8	7	7	7	7	6	6	6	5	5	5	4	4	4	4	3	3	3	3	3	3	40,030
Texaco		0.36%	2	2	2	2	2	2	2	2	2	1	1	1	1	1	1	1	1	1	1	1	1	1	10,835
TOTAL Amoco [9]			**5**	**4**	**4**	**4**	**3**	**3**	**2**	**2**	**2**	**2**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**15,208**
TOTAL Anadarko			**-**	**6**	**17**	**17**	**17**	**17**	**16**	**15**	**15**	**13**	**11**	**11**	**9**	**8**	**7**	**6**	**6**	**5**	**5**	**5**	**5**	**4**	**77,090**
TOTAL Arco			**361**	**341**	**351**	**338**	**328**	**314**	**300**	**293**	**278**	**258**	**240**	**221**	**205**	**190**	**171**	**158**	**145**	**133**	**124**	**117**	**107**	**101**	**1,851,619**
TOTAL BP [9]			**465**	**426**	**407**	**446**	**432**	**410**	**388**	**378**	**356**	**332**	**311**	**285**	**267**	**249**	**229**	**212**	**196**	**176**	**164**	**152**	**140**	**129**	**2,390,690**
TOTAL Chevron			**4**	**4**	**3**	**3**	**3**	**3**	**3**	**3**	**3**	**3**	**2**	**2**	**2**	**2**	**2**	**2**	**2**	**2**	**1**	**1**	**1**	**1**	**19,720**
TOTAL Doyon			**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**194**
TOTAL Exxon [10]			**238**	**213**	**196**	**186**	**181**	**172**	**162**	**153**	**143**	**132**	**125**	**113**	**107**	**101**	**95**	**89**	**83**	**78**	**73**	**68**	**63**	**59**	**1,033,243**
TOTAL Fina			**1**	**2**	**2**	**2**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4,380**
TOTAL Forcenergy			**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**903**
TOTAL Mobil [10]			**8**	**7**	**7**	**7**	**7**	**6**	**6**	**6**	**6**	**5**	**5**	**4**	**4**	**4**	**4**	**4**	**3**	**3**	**3**	**3**	**3**	**2**	**38,762**
TOTAL Murphy			**-**	**-**	**0**	**1**	**1**	**1**	**1**	**1**	**1**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-**	**-**	**-**	**-**	**-**	**2,688**
TOTAL NANA			**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**581**
TOTAL Oxy			**4**	**4**	**4**	**4**	**4**	**4**	**5**	**6**	**6**	**6**	**5**	**5**	**5**	**5**	**5**	**4**	**4**	**4**	**3**	**3**	**3**	**2**	**35,152**
TOTAL Phillips			**8**	**8**	**7**	**7**	**7**	**7**	**6**	**6**	**6**	**5**	**5**	**5**	**4**	**4**	**4**	**4**	**3**	**3**	**3**	**3**	**3**	**3**	**40,030**
TOTAL Texaco			**2**	**2**	**2**	**2**	**2**	**2**	**2**	**2**	**2**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**10,835**
TOTAL UTP [3]			**-**	**6**	**17**	**17**	**17**	**17**	**16**	**15**	**15**	**13**	**11**	**11**	**9**	**8**	**7**	**6**	**6**	**5**	**5**	**5**	**5**	**4**	**77,090**
TOTAL Unocal			**19**	**17**	**16**	**15**	**14**	**14**	**13**	**13**	**12**	**11**	**10**	**9**	**9**	**8**	**7**	**6**	**6**	**5**	**5**	**4**	**4**	**4**	**80,918**
TOTAL North Slope			**1,116**	**1,039**	**1,033**	**1,049**	**1,017**	**970**	**922**	**893**	**842**	**783**	**731**	**669**	**625**	**582**	**532**	**493**	**457**	**416**	**389**	**363**	**334**	**311**	**5,679,103**
PROJECTED NORTH SLOPE ROYALTY SHARE FROM ABOVE FIELDS			**143**	**132**	**130**	**134**	**134**	**128**	**121**	**116**	**109**	**101**	**95**	**87**	**87**	**81**	**74**	**69**	**64**	**58**	**54**	**50**	**46**	**43**	**750,784**

NOTE: "-" = zero or no data; "0" = less than 0.5.
[1] Average from operator royalty statements of January through December 1998.
[2] "Liberty" and "Other Onshore" are not included.
[3] UTP is wholly owned by Arco.
[4] "Duck Island Unit" production includes Eider, Endicott and Sag Delta North.
[5] "Greater Point McIntyre" production includes Lisburne, all Niakuk wells, North Prudhoe Bay State, Point McIntyre, and West Beach.
[6] "Kuparuk River Unit" includes Kuparuk, Tabasco, Tarn, and West Sak.
[7] "Milne Point" production includes Milne Point, Schrader Bluff, and Sag River.
[8] "Prudhoe Bay Unit" includes Prudhoe Bay and Satellites.
[9] BP and Amoco are merging.
[10] Exxon and Mobil are merging.
Revised 4/13/99.

Primary Producing Oil Fields

Northern Alaska (February 1998)

Name Discovery Date	Projected Avg. Dly. Prod. *1998* *(x 1,000 bbls/d)*	Cumulative Production *Thru '97* *(x 1,000,000 bbls)*	+	Remaining Reserves *As of 1/98* *(x 1,000,000 bbls)*	=	Est. Ultimate Recovery *As of 1/98* *(x 1,000,000 bbls)*
Prudhoe Bay **1967**	**715**	**9,508**		**3,511**		**13,019**
Kuparuk River [1] **1969**	**266**	**1,485**		**1,474**		**2,959**
Endicott [2] **1978**	**61**	**358**		**254**		**612**
Point McIntyre Area [3] **1988**	**180**	**367**		**499**		**861**
Milne Point [4] **1969**	**53**	**85**		**541**		**626**

[1] Includes West Sak & Tarn
[2] Includes Sag Delta North
[3] Includes Pt. McIntyre, Lisburne, Niakuk, West Beach, North Prudhoe Bay State, West Niakuk, Niakuk 28, & Niakuk 29
[4] Includes Schrader Bluff & Sag River

Note: Primary means greater than 50 Mbbls/d projected
Numbers reflect Oil + NGL's - Injectant

Projects Under Development

Northern Alaska (February 1999)

Project	Status	Expected Start Up Date	Expected Peak Production Rate *(x 1,000 bbls/d)*
Badami	Production started, but currently shut-in	N.A.	?
Northstar**	Ice road construction and EIS work underway	2001 ?	60
Alpine	Construction work underway	2000	70
Prudhoe Bay Satellites	Exploration/delineation/testing underway	1998 *	40
Kuparuk River Satellites	Exploration/delineation/testing underway	1998	29
West Sak	Initial development underway	1998	16
Schrader Bluff	Expansion work slowed; under review	N.A.	16

* Various Facility Sharing Agreements Needed Prior to Start-Up

** Construction of modules halted, moving forward with permitting

Northern Alaska - Activity (1)

- Alpine development continues; more wells planned for 1999
  - Two development wells and an exploration well drilled in 1998
  - ARCO increases reserve estimates to 350-400 MMBO recoverable
  - More wells may be drilled than previously planned, up to 82 in phase I
  - Peak production of 70,000 BOPD expected by 2001
- Fiord #4 and #5 permitting underway by ARCO
- BP Snowcap #1 drilling planned near Alpine field; may be deferred
- Tarn production started; development drilling continues; additional exploration by ARCO underway
  - Producing 22,000 BOPD, estimated peak production at 30,000 BOPD
  - ARCO Meltwater S. #1 permit issued; second well possible
  - Palm, KIAN, Cairn, Fiord and Meltwater N. in application process
- Tabasco development drilling continues, full-scale production in late 1999
  - 20-30 MMBO recoverable reserves of heavy crude oil
  - Phase I drilling calls for up to 18 new wells
  - Tested at up to 3,500 BOPD from 3,800 ft. depth in the KRU #2T-202
  - Peak production should reach 10,000 BOPD

Northern Alaska - Activity (2)

- West Sak/Schrader Bluff heavy oil production halted in late 1998
  - PA and pool rules established for West Sak “core area” in 1997
  - West Sak full scale production began in December 1997
  - Producing about 4,000 BOPD in early 1998
  - Economically recoverable reserve estimate: 279 MMBO in West Sak “core area”, 281 MMBO in Schrader Bluff “core area”
- Ugnu reservoir in Kuparuk Unit tested by ARCO in 1998
- Cascade tracts added to Milne Pt. Unit, new PA formed
- Oil in NW Eileen area confirmed
  - NWE #1-01 and #1-02 found Kuparuk oil; #2-01 found Ivishak/Sag R. oil
  - BP estimates 30-50 MMBO in Kuparuk and 30-50 MMBO in Sag R./Ivishak reserves present
- BP Prudhoe Bay #SB-01 and #SB-02 drilled in 1998
  - Flowed oil from Schrader Bluff at 1,000 BOPD
- BP PBU V-200 #1 permitted and drilling

Northern Alaska - Activity (3)

- Northstar development deferred due to low oil prices
  - Surface use permit approved by DO&G in Feb. 1999
  - Ice road under construction; may begin hauling gravel in early 1999
  - Construction of production modules halted in Dec. 1998
- BP Pete's Wicked #1 development planned
  - Sag R./Ivishak confirmed in 1997 well
- Midnight Sun/Sambucca development plans
  - BP Sam #1 confirmed oil in Kuparuk and Sag R./ Ivishak in 1997
  - Kuparuk (Midnight Sun) reservoir tested at 4,000 BOPD at 11,662 ft. (MD)
  - Sag R./ Ivishak (Sambucca) tested at 1,400 BOPD at 12,965 ft (MD)
  - BP Midnight Sun #1 well permit approved
- BP Niakuk Field, reservoir extended
  - NK-11 gains North America extended reach drilling record; 19,804 ft. ERD
- BP's Eider discovery begins production in 1998
  - DIU MPI #2-56AEID discovery well production tested at 3,000 BOPD
  - 8 MMBO estimated reserves
  - New PA approved in September 1998
- Liberty development deferred for at least one year
  - Discovery wells located in OCS waters
  - 120 MMBO estimated recoverable reserves

Northern Alaska - Activity (4)

- BP Genesse #1 taken out of review process; may restart in early ‘99
- Badami production slowed dramatically; later is shut-in
  - Aug. 1998 peak, 7,500 BOPD; original estimated peak, 30,000 BOPD
- BP Red Dog #1 permitted and drilling
- Kuvlum and Hammerhead leases relinquished
- Sale 86 - Beaufort Sea held in November 1997
  - Drew $28 million in total high bonus bids
- Several 3D seismic programs were completed in 1998
  - Northern/BP for Flaxman Is to ICWest 3D and Milne West 3D
  - Western spec for multiple 3D surveys from Midway to Cross Is. 3D
  - Western/Arco Challenge Island 3D survey
- Two 3D seismic programs planned for 1999
  - Western/BP program of seven surveys; W. Sag R., Sag R., Mesa (upland Colville Delta), Summit (Colville Delta), NPRA, E.Sag R., and Eastern
  - Western/Arco program of four surveys; Grizzly (upland Colville Delta, E. NPRA, W. NPRA, Salmon(off shore Prudhoe Bay)
  - Each program plans call for 500 to 1000 square miles of total coverage

Undeveloped Oil Accumulations

Northern Alaska (February 1999)

Name	Discovery Date	Estimated Recoverable Reserves	Comments
Point Thomson	**1977**	**200 MMBO 3.5 TCFG**	**Near ANWR; gas, condensate, and oil**
Flaxman Island	**1975**	**? Oil**	**Tertiary turbidites , in Pt. Thomson Unit**
Sourdough	**1994**	**? Oil**	**Adjacent to ANWR, in Pt. Thomson Unit**
Kuvlum	**1992**	**325 MMBO**	**East Beaufort OCS, tested at 3400 BOPD**
Tern Is./Liberty	**1982**	**120 MMBO**	**Mikkelson Bay area OCS**
Hammerhead	**1986**	**? Oil**	**OCS waters north of Pt. Thomson**
Colville Delta	**1985**	**? Oil**	**Near Kuparuk Field**
Fiord	**1992**	**? Oil**	**Two intervals at 1245 BOPD**
Kalubik	**1992**	**? Oil**	**Two intervals at 1610 BOPD**
Northstar *	**1984**	**144 MMBO**	**Beaufort Sea, including Seal Island**
Prudhoe Bay *	**Satellites**	**241 MMBO**	**Several separate accumulations**

* Development in progress or planned in the near term.
MMBO - millions of barrels of oil
TCFG - trillions of cubic feet of gas

[1]North Slope Discovered Offshore Resources

Field	Oil (MMBO)			Gas (BCF)		
	High	Mean	Low	High	Mean	Low
[2]Gwydyr Bay	56	**48**	40	N/A	**N/A**	N/A
Sandpiper	[3]93	[4]**47**	N/A	N/A	**N/A**	N/A
[5]Kuvlum	N/A	**400**	N/A	N/A	**N/A**	N/A
Flaxman Island	N/A	**N/A**	N/A	N/A	**N/A**	N/A
Hammerhead	N/A	**N/A**	N/A	N/A	**N/A**	N/A

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[1] Technically recoverable resources – estimate of hydrocarbons that can be recovered by utilizing current technology without regards to cost.
[2] DOE: May, 1993: Alaska North Slope National Energy Initiative Analysis of 5 Undeveloped Fields.
[3] DOE: May, 1993: Alaska North Slope National Energy Initiative Analysis of 5 Undeveloped Fields.
[4] PI V45 #1, 1/6/99
[5] Oil & Gas Reporter, 2/15/99, p.10.

[1]North Slope Discovered Onshore Resources

Field	Oil (MMBO)			Gas (BCF)		
	High	Mean	Low	High	Mean	Low
[2]Umiat	N/A	**70**	N/A	N/A	**5**	N/A
Colville Delta	N/A	**N/A**	N/A	N/A	**N/A**	N/A
Fiord	N/A	**N/A**	N/A	N/A	**N/A**	N/A
[3]Prudhoe Bay	-----	**-----**	-----	[4]33,600	**[5]21,800**	N/A
Pt. Thomson	N/A	**[6]200**	N/A	[7]5,000	**[8]3,200**	N/A
[9]Sourdough	N/A	**100**	N/A	N/A	**N/A**	N/A

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[1] Technically recoverable resources - estimate of hydrocarbons that can be recovered by utilizing current technology without regards to cost.
[2] DOE: January, 1991: Alaska Oil & Gas – Energy Wealth or Vanishing Opportunity? p. 2-19.
[3] The estimated technically recoverable gas is from Lockheed Martin, August, 1996, Economics of Alaska North Slope Gas Utilization Options, p. 2-8. The remaining recoverable oil from Prudhoe Bay as well as oil from the Prudhoe satellites discovered to date were already included in the production forecast, so these reserve estimates are not included here.
[4] Lockheed Martin, August, 1996 Economics of Alaska North Slope Gas Utilization Options, pp. 2-8 & 2-9. This number encompasses all recoverable gas, including: 3.0 TCF of $C0_2$ in the recoverable gas and 8.8 TCF of gas used for lease use, local sales, and shrinkage.
[5] Lockheed Martin, August, 1996 Economics of Alaska North Slope Gas Utilization Options, pp. 2-8 & 2-9. This number includes only net gas for sale.
[6] Lockheed Martin, August, 1996 Economics of Alaska North Slope Gas Utilization Options, pp. 2-8 & 2-9.
[7] Anchorage Daily News, Saturday December 13, 1997.
[8] Lockheed Martin, August, 1996 Economics of Alaska North Slope Gas Utilization Options, pp. 2-8 & 2-9.
[9] Anchorage Daily News, Thursday May 22, 1997.

[1]North Slope Undiscovered Onshore Resources

Field	Oil (MMBO)			Gas (BCF)		
	High	Mean	Low	High	Mean	Low
[2]NPR-A	N/A	**542**	N/A	N/A	**4,128**	N/A
[3]NE NPR-A Planning Area	4,732	**3,070**	1,832	21,674	**9,852**	3,190
[4]Central North Slope	N/A	**2,595**	N/A	N/A	**14,975**	N/A
[5]Foothills	N/A	**1,564**	N/A	N/A	**26,609**	N/A
[6]ANWR	11,919	**7,782**	4,325	9,297	**4,230**	3,134

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[1] Undiscovered technically recoverable oil, gas, and natural gas liquid reserves. Composite Reserve Numbers were calculated based on reserve estimates provided from USGS Open-File Report 95-751. The percentage of reserves calculated for each area was determined by the amount of each play type that was distributed in that particular geographic area. Numbers include both estimates of gas associated with oil fields along with stand-alone gas fields. NGL's are included in both oil and gas totals where associated with oil and gas. 1 barrel of NGL associated with oil = 0.667 barrels of crude oil. NGL's associated with gas was converted to gas by using the formula 6,000 cubic feet of gas = 1 bbl of crude oil.

[2] NPR-A includes the western coastal plain area of NPR-A. It does not include either the Northeast NPR-A planning area or the foothills.

[3] NE NPR-A Final EIS Vol 1, 8/98, p. III-A-25.

[4] Used USGS 1995 Assessment Open-File Report 95-751, Tables 1 and B-1. Summed 75% of the reserves calculated for the Central area; 85% of the reserves calculated for the Eastern area for the various plays; and included the USGS total for Province small fields from their report. The Anchorage Daily News reported on Saturday 2/14/98 that ARCO Alaska, Inc. believed that 1 BBO of producible oil exists in Prudhoe-Kuparuk undiscovered satellite accumulations. Because this undiscovered oil is adjacent to existing infrastructure, the Prudhoe-Kuparuk satellite plays are very economic and have a quick turnaround time from discovery to first production.

[5] Combined the resource numbers for the foldbelt and the thrust belt. Included only ½ of the eastern thrust play numbers and 85% of the fold belt numbers because the rest of the numbers are included in the ANWR totals.

[6] USGS, 1998 Assessment, Appendix A.

[1]North Slope Undiscovered Offshore Resources

Field	Oil (MMBO)			Gas (BCF)		
	High	Mean	Low	High	Mean	Low
[2]Beaufort Sea (federal)	4,690	**1,660**	580	N/A	**N/A**	N/A
[3]Chukchi Sea (federal)	13,100	**5,960**	1,190	N/A	**N/A**	N/A

[1] Undiscovered technically recoverable oil, gas, and natural gas liquid reserves. Composite Reserve Numbers were calculated based on reserve estimates provided from USGS Open-File Report 95-751. The percentage of reserves calculated for each area was determined by the amount of each play type that was distributed in that particular geographic area. Numbers include both estimates of gas associated with oil fields along with stand-alone gas fields. NGL's are included in both oil and gas totals where associated with oil and gas. 1 barrel of NGL associated with oil = 0.667 barrels of crude oil. NGL's associated with gas was converted to gas by using the formula 6,000 cubic feet of gas = 1 bbl of crude oil.

[2] MMS, May, 1990

[3] MMS, May, 1990

Outlook and Predictions For North Slope

- Areawide sales make entire area available for exploration and development
- Exploration climate will remain cooled for a few years; build back slowly
  - Rig activity sharply curtailed since Dec. 1998
  - Fewer prospects will get drilled for the next few years
- Activity will pull back even closer to existing infrastructure
  - Development of satellites will continue at a less frantic pace
  - The hunt for elephants will slow
- Heavy oil will become a more important component of N Slope production
- Anadarko will test the limits of conventional thinking in foothills area
- NPR-A lease sale will test the resolve of companies’ commitment to Alaska
- More oil *will* be discovered, but production will continue to *decline*
  - As Prudhoe Bay goes, so goes Alaska’s oil patch

Alaska's Global Position

North Slope Still Holds Favorable Position

- Underutilized infrastructure
  - Pipelines will soon extend from the Colville River to Mikkelsen Bay
  - Extensive infrastructure in Cook Inlet
  - TAPS and many production facilities are well below peak capacity
- Large, world-class discoveries are still possible
  - Recent discoveries include Alpine, Tarn, and Midnight Sun
  - NPR-A remains underexplored
  - ANWR remains unexplored., undiscovered resource estimates remain favorable
- Stable, positive economic and political climate
  - Facilities sharing agreements lower economic risk
  - – High E&P and transportation costs, but known and relatively stable
  - Areawide sales allow advanced planning
  - – Environmental mitigation hurdles can be high (this is not necessarily a negative)
  - No Third World politics here (Iraq may soon equal Alaska in selling oil in U.S. market)
- Alaska is a ***GREAT*** place to live***!***

Outlook and Predictions For Cook Inlet

- Areawide sales make entire area available for exploration and development.
- Independents will become an increasing influence.
  - More competition for prospects and leases
  - New thinking and inventive technology and business climate
- Independents will drive exploration and development costs lower.
  - This may mean less profit for the State of Alaska, as well as service companies
- Oil continues to be an increasingly elusive target in Cook Inlet.
- Coalbed gas will become an important exploration target.
  - Viability of this exploration play is yet to be determined

Northstar Economic Evaluation - 1998

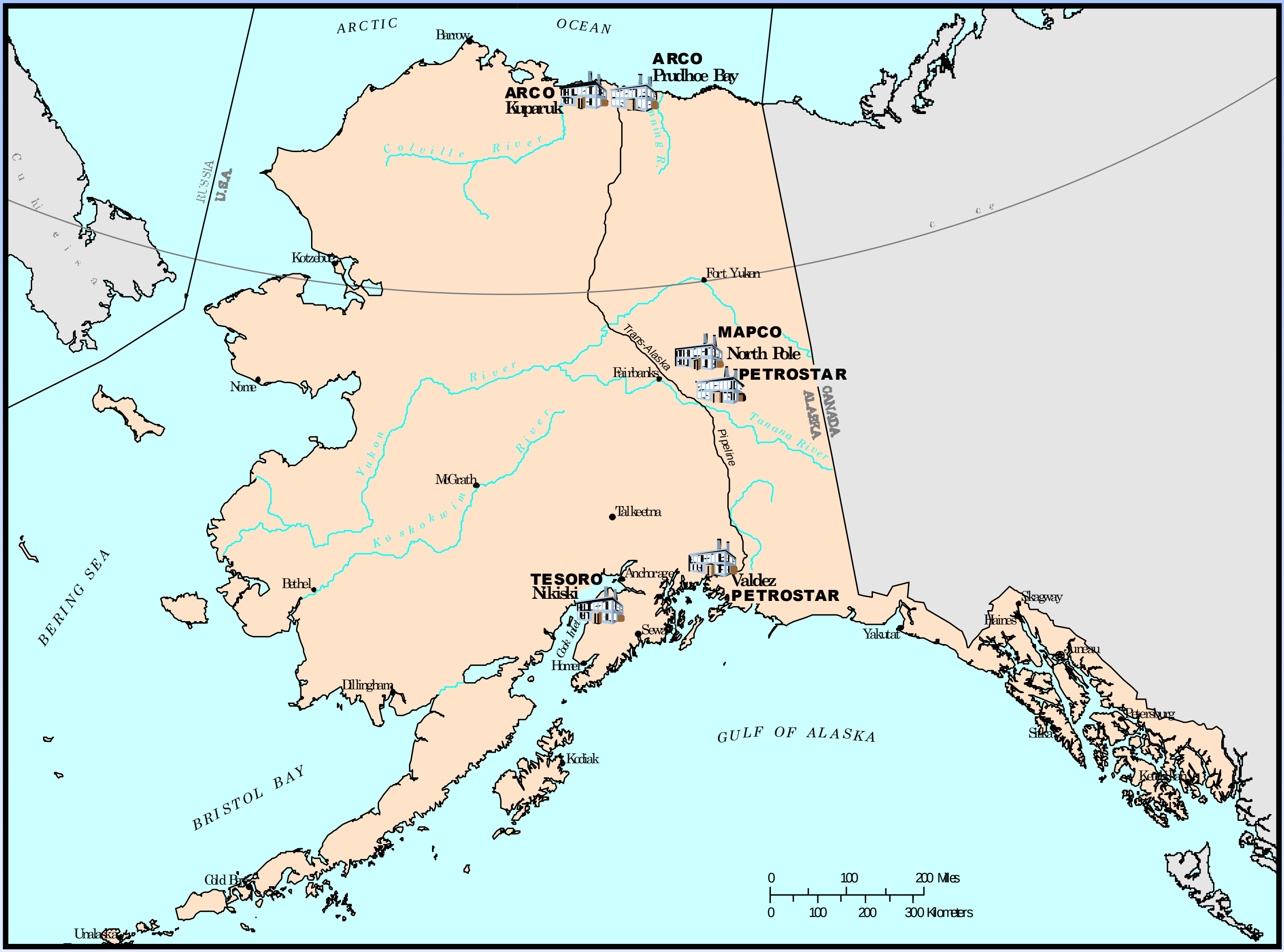
	Non-TAPS, Non-Tanker Owner* ($MM)	TAPS and Tanker Owner ($MM)
	(Real 1998 Dollars)	
State Revenues		
State Royalty	312	312
State Supplemental Royalty	22	22
NPSL	0	0
State Share of Federal Royalty	18	18
Severance Tax	102	103
Spill & Conserv. Tax	4	4
Ad Valorem Tax	68	68
Income Tax	18	24
Total	542	548
Federal Revenues		
Royalty (Net of State Share)	48	48
Income Tax	162	216
Total	209	263
BPXA Cash Flow		
After Tax Funds Flow	212	313
Real Rate of Return	12.5%	17.7%

Totals may not add due to rounding.

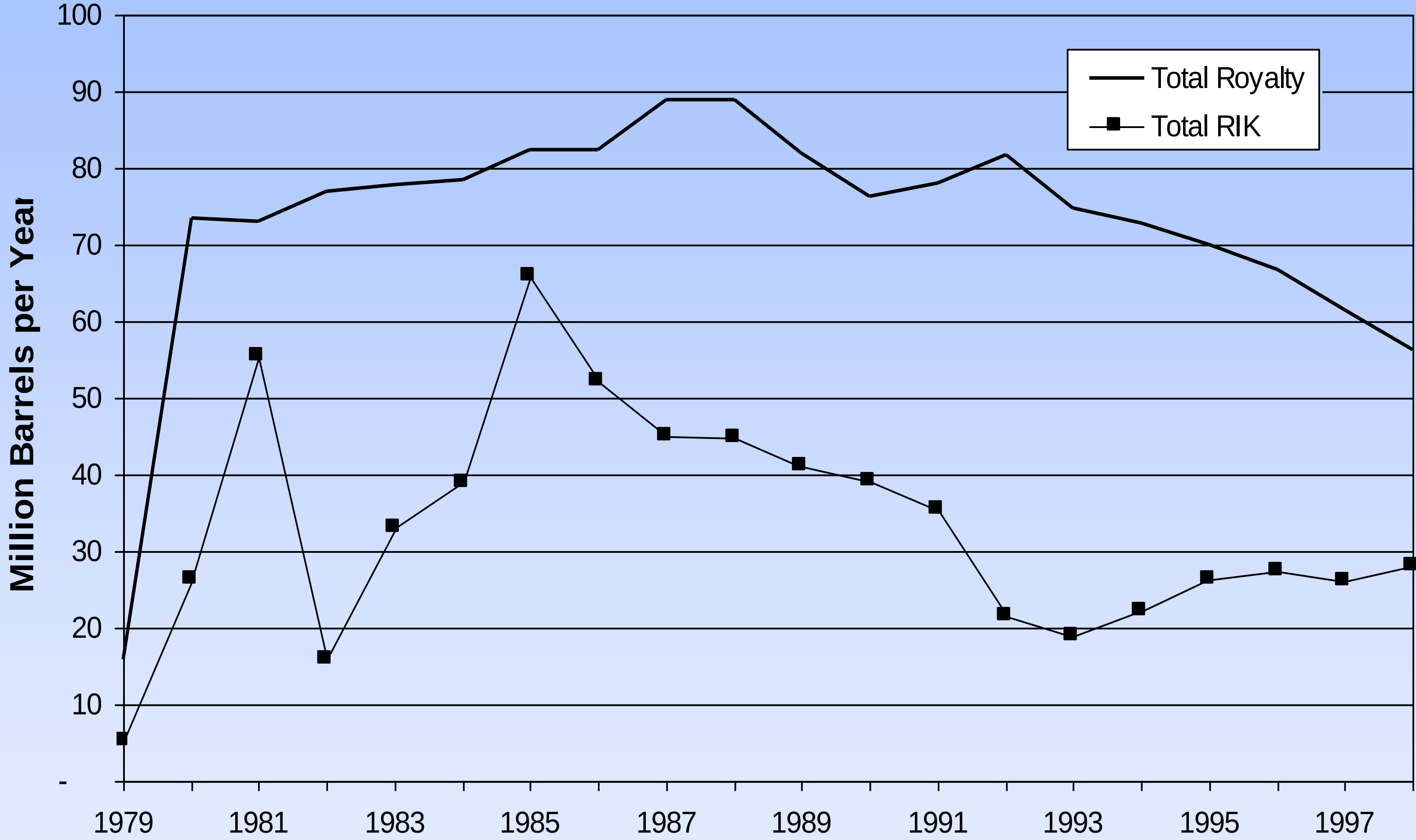
*TAPS owner assumed to have a $1.00/bbl tariff benefit. (Source: A.D. Little. 1995. Review of International Competitiveness of Alaska's Fiscal System.)

Tanker owner assumed to have a $0.50/bbl transportation benefit. (Source: DNR)

Alaska Refineries

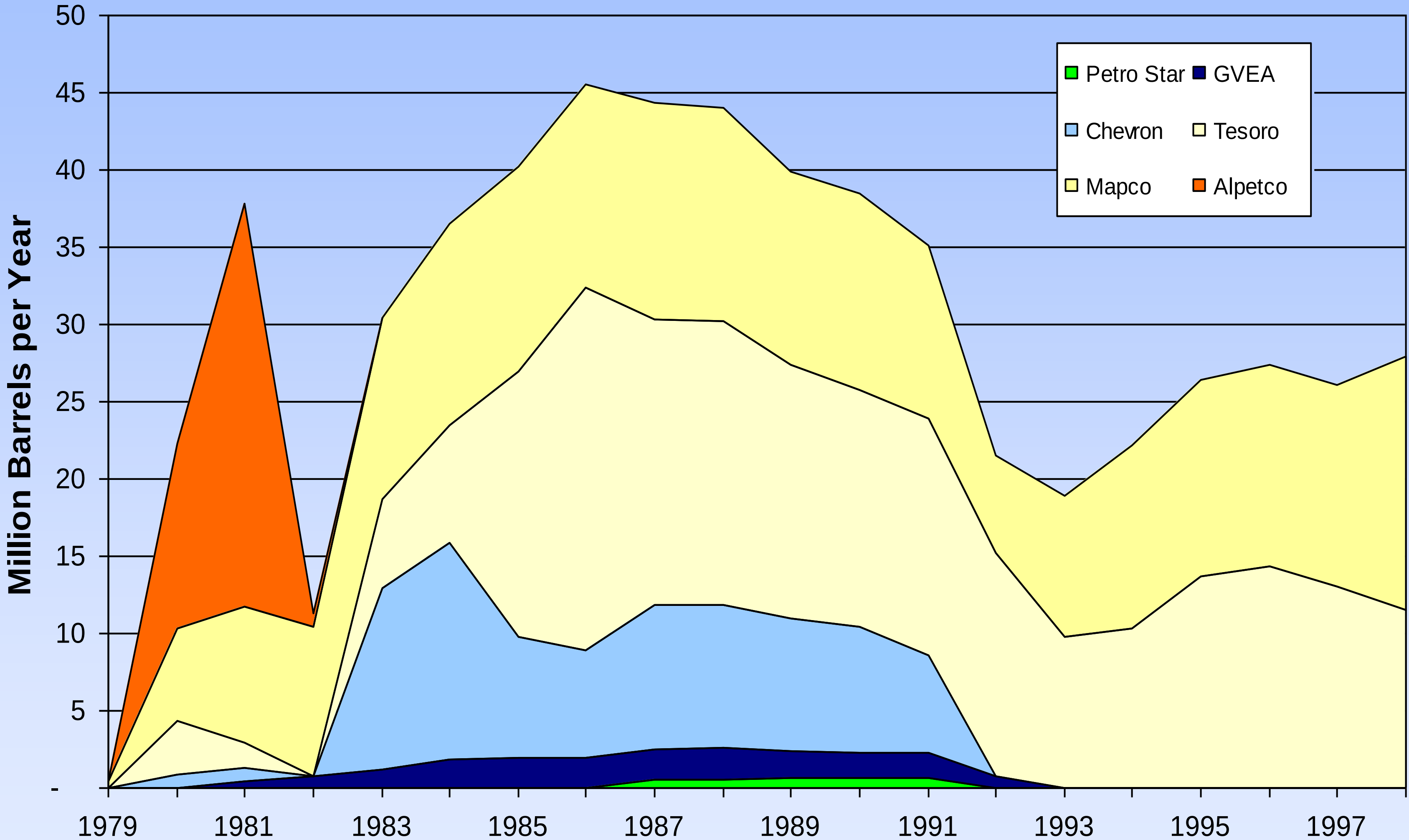


Royalty Oil Production and Total Royalty-In-Kind



krb 2/99

Historical Sales of RIK to In-State Purchasers



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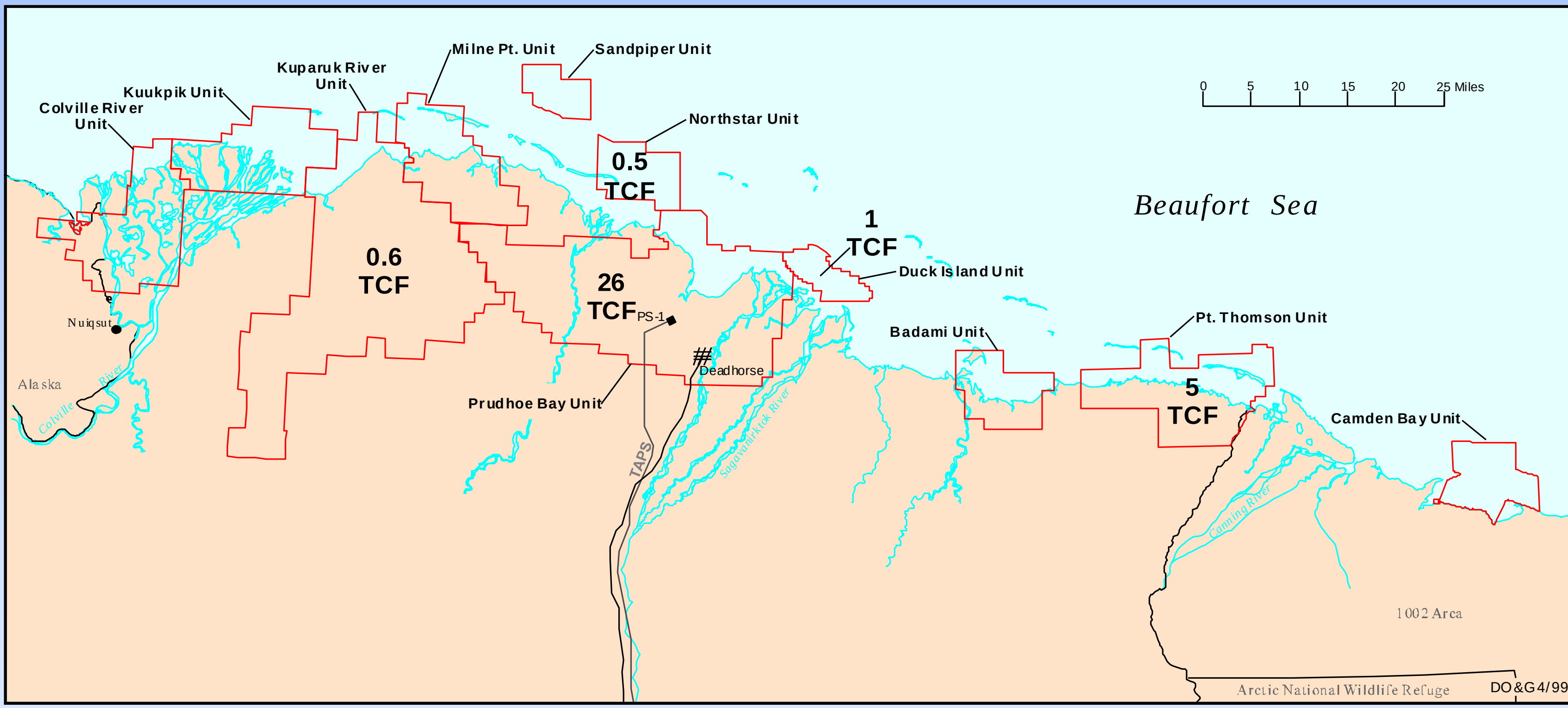
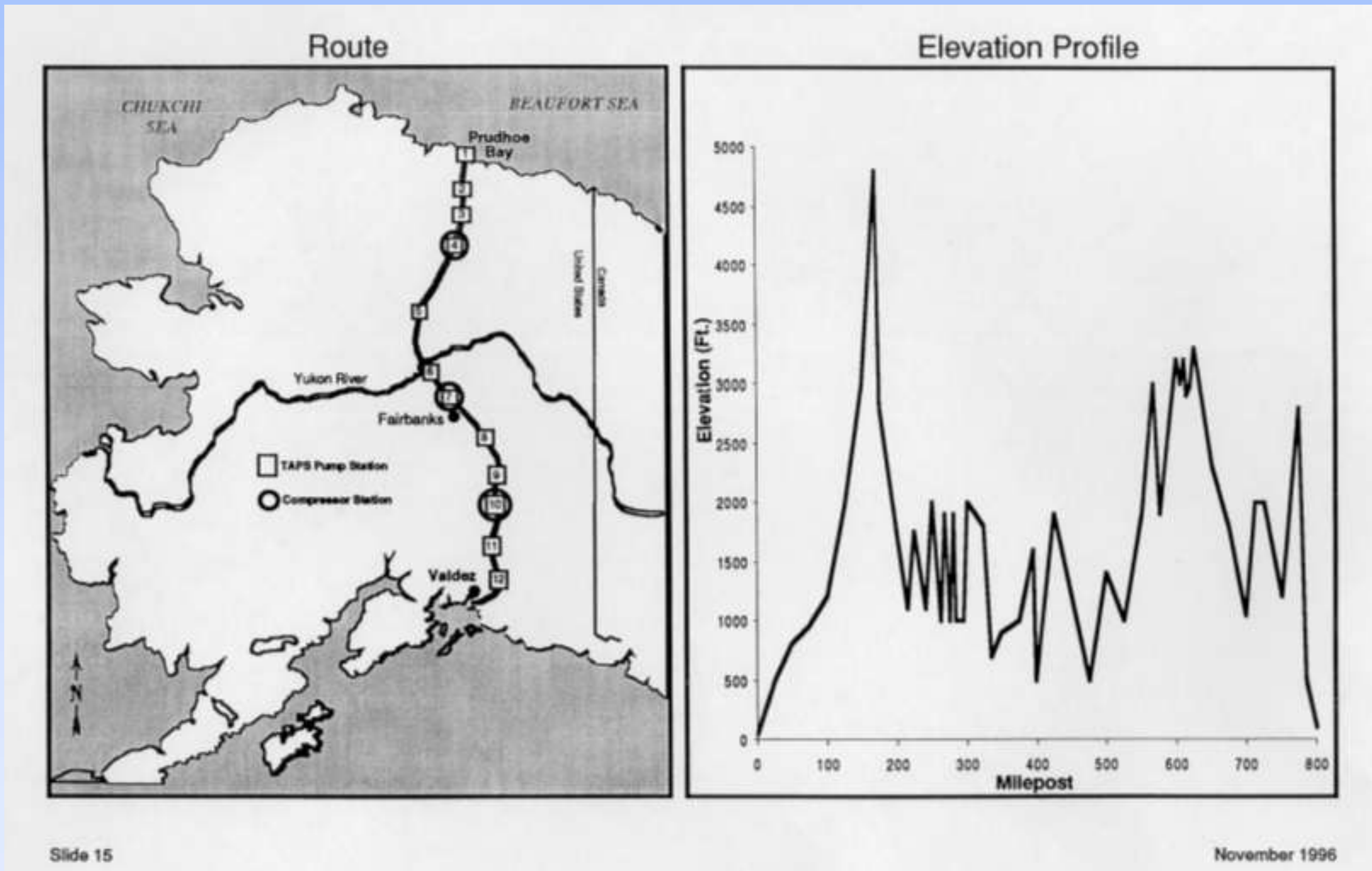
North Slope Gas Resources

Prudhoe Bay Field is the Primary North Slope Gas Resource



Gas Pipeline

Alaska North Slope Gas Resources



Prudhoe Bay Gas Ownership

Alaska North Slope Gas Resources

Prudhoe Bay Gas Ownership

Total 26 TCF
Source of Gas Reserve

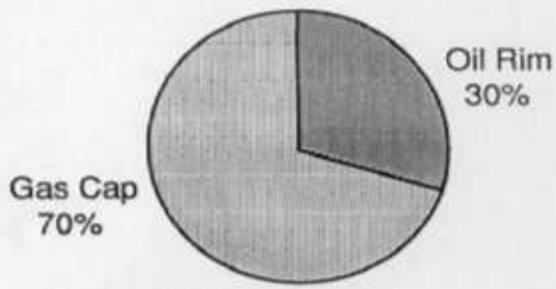
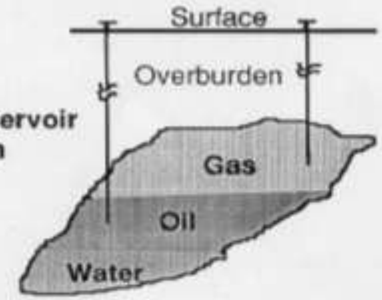


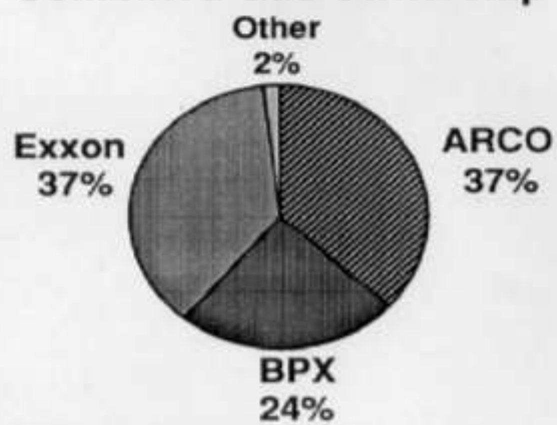
Illustration of Reservoir Cross Section



Ownership of Participating Areas

	Oil Rim	Gas Cap
ARCO	22	43
BP	51	14
Exxon	22	43
Others	5	1

Combined Gas Ownership

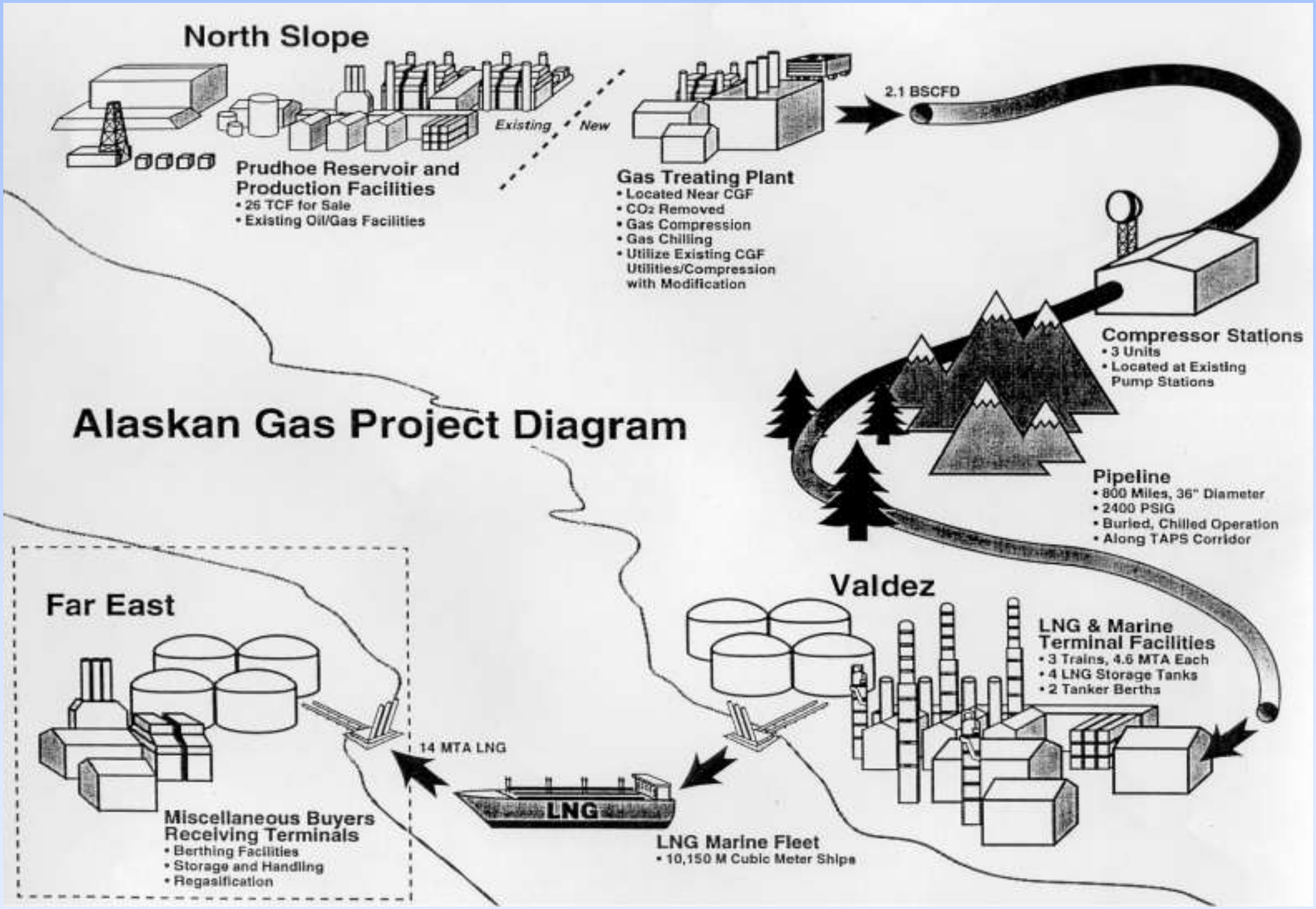


State of Alaska Royalty Interest = 12.5%

November 1996

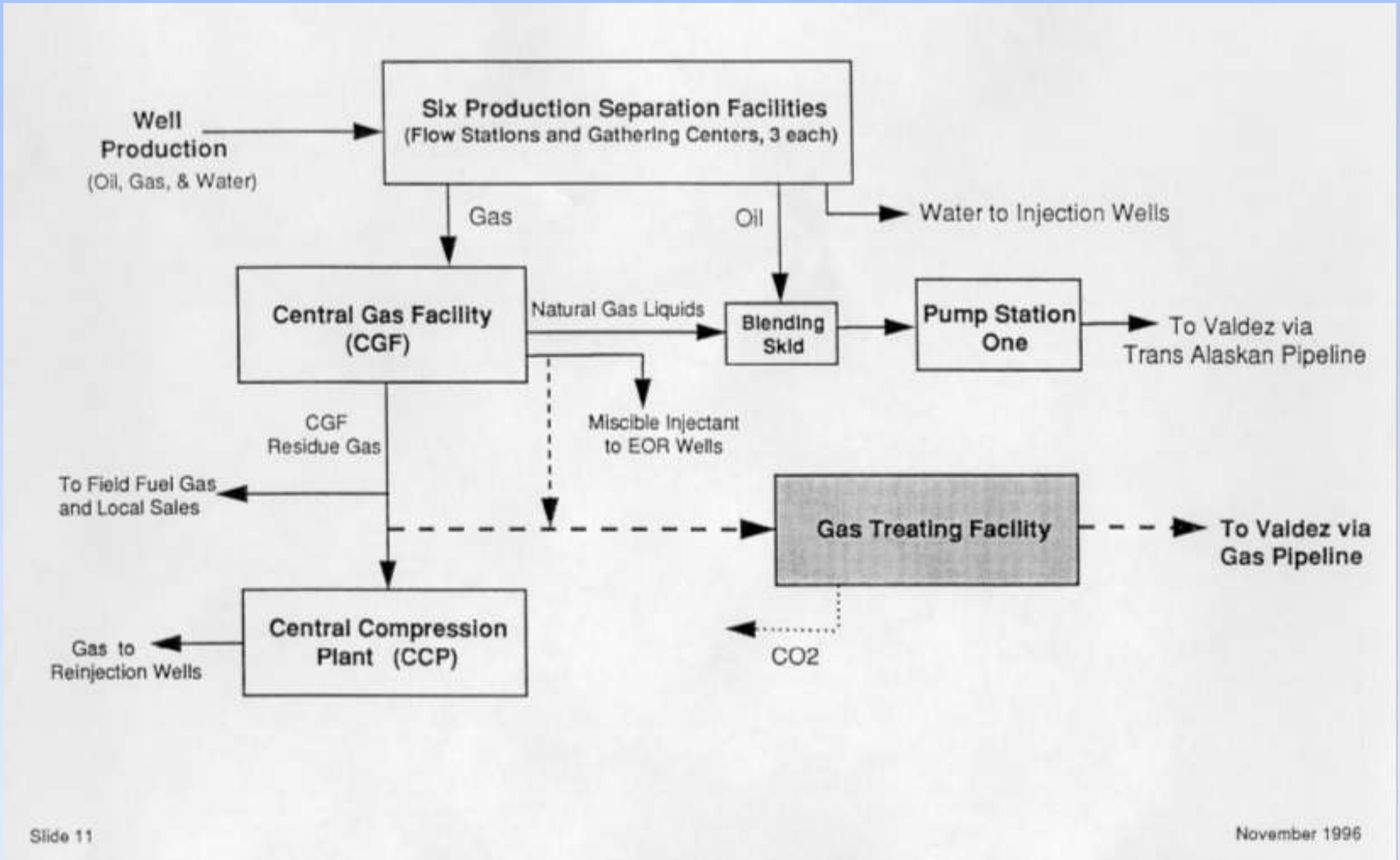
Alaskan Gas Project Diagram

Alaska North Slope Gas Resources



Prudhoe Bay Operation with Gas Sales Addition

Alaska North Slope Gas Resources



Calculation of Alaska Royalty and Tax Revenues

		PBU	MPU	
	Destination Value	$ 15.00	$ 15.00	
–	Marine Transportation Cost	1.25	1.25	
–	TAPS Tariff	2.70	2.91	
±	Quality Bank Payments	0.31	(0.29)	
–	Royalty Field Cost Deduction	0.83	-	
=	Royalty or Severance Tax Value	$ 10.53	$ 10.55	
x	Royalty or Severance Tax Barrels	28,105	2,500	MM
=	Royalty or Severance Tax Revenues	$ 295,945.65	$26,375.00	MM